

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF ORANGE CITY, IOWA  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014**

Prepared by the  
Office of the City Administrator  
Duane Feekes, City Administrator

**CITY OF ORANGE CITY, IOWA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2014  
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\* \* \* \*



December 8, 2014

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Orange City:

State law requires that every general-purpose local government publish within nine months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2014.

Management assumes responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

William's & Company, Certified Public Accountants, have issued an unmodified opinion on the City of Orange City's financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The City of Orange City incorporated in 1884, is located in the Northwest corner of the State of Iowa, and is the county seat of Sioux County. The City of Orange City is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Orange City operates under the council-administrator form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and five Council members. The Council appoints the government's administrator, who in turn appoints the heads of the various departments with council approval. Council members serve four-year terms. The mayor is elected for a two-year term. The council members are elected on a staggered basis.



The City Administrator has operating responsibilities for all City functions excluding the Library and Hospital.

The City of Orange City provides a full range of Municipal services which includes police and fire protection; the construction and maintenance of streets, and other infrastructure; recreational and cultural activities; general administration and medical care facilities. The City of Orange City also owns and operates the electric, water, sewer, and natural gas utilities. The City of Orange City also is financially accountable for a legally separate hospital board, and golf course board of which is reported separately within the City of Orange City's financial statements. Additional information on the municipal hospital and golf course can be found in the notes to the financial statements.

The Council is required to adopt a final budget by no later than March 15<sup>th</sup>. This annual budget serves as the foundation for the City of Orange City's financial planning and control. Iowa budget law requires the adoption of legal budgets for expenditures on a program basis. Although the budget document presents program expenditures by fund, the legal level of control is at the aggregated program level not at the fund level.

### **Local Economy**

Orange City is located in Sioux County in the northwest portion of Iowa, which is noted for its excellent cropland and livestock production numbers. Industry plays a big part in Orange City's economic condition with the biggest three employers being Staples, Inc., an advertising product manufacturer and promotional products, Premium Pet Health, Inc., a pet food producer, and Diamond Vogel Paint and Wax, a full line paint manufacturer.

Fiscal year 2013-2014 was another great year for the community of Orange City. Many exciting trends and projects are taking place that continue to improve the quality of life for its citizens.

The city finished construction on a housing development called Puddlejumper 5<sup>th</sup> Addition. The development will have water, sewer, storm sewer and paving improvements. The development has 43 lots available for sale. There will also be a private development called Trail Ridge Addition, this construction finished in the fall of 2014 and will have 22 lots available.

The City of Orange City plays an important part in the community growth, which will continue with active participation in the planning process of our community.

### **Long-Term financial planning**

Management of the City of Orange City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the presentation of financial statements in conformity with generally accepted accounting principles.

The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The general fund falls within the policy guidelines set by the Council for budgetary and planning purposes (i.e., between 44 and 50 percent of total general fund revenues). Following its recent review of the City of Orange City's strategic plan, the Council plans on keeping the percentage the same for the following year, this will reduce the amount that will be needed to borrow to finance future construction.


### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orange City for its comprehensive annual financial report (CAFR) for the year ended June 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local governmental financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire office staff. We wish to express our appreciation also to all our City employees for their dedication to making city services the best. Credit also must be given to the Honorable Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Orange City's finances.

Respectfully submitted,



Duane Feekes  
City Administrator



Kent Anderson  
Finance Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Orange City  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orange City, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

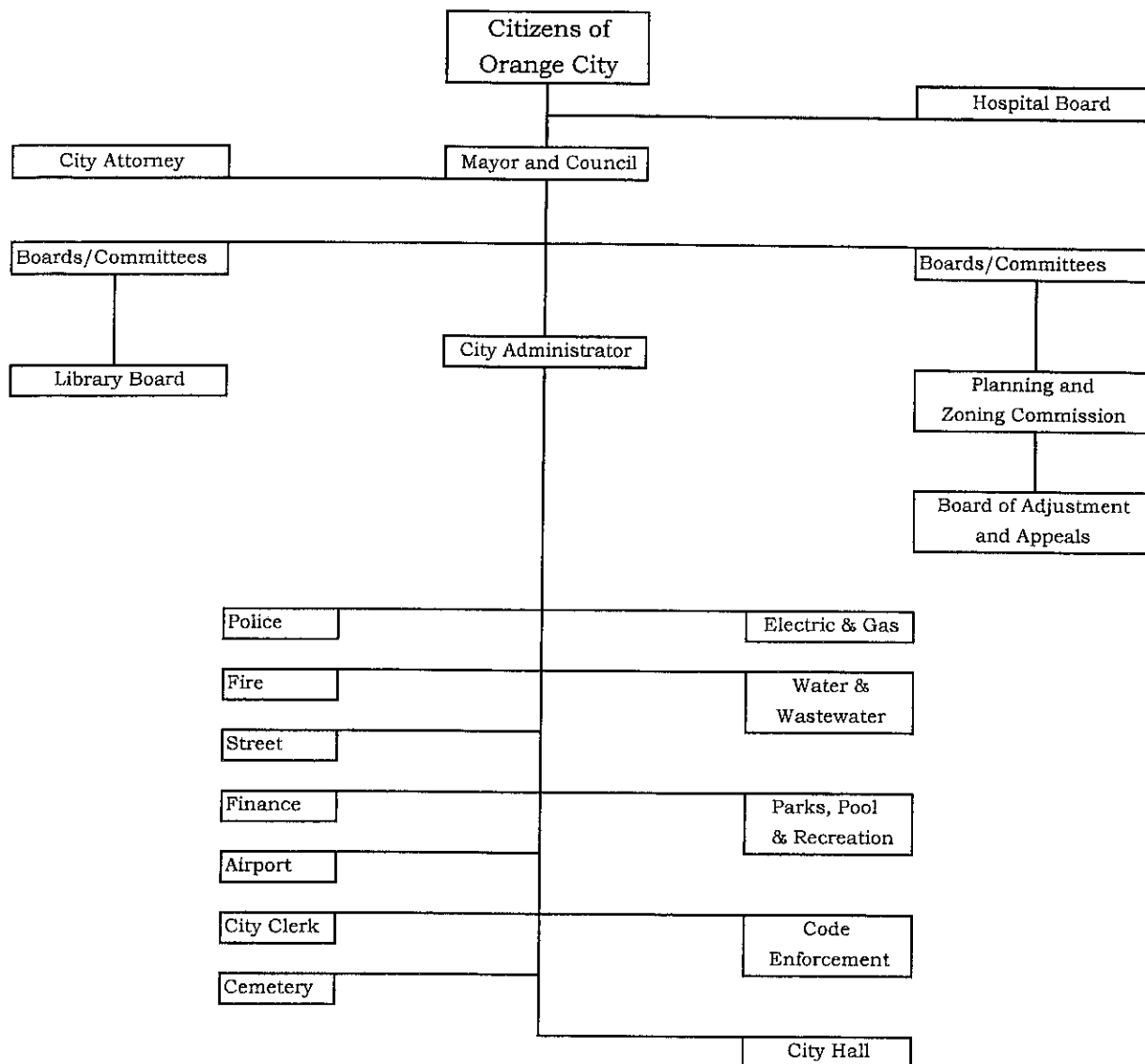
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.



# CITY OF ORANGE CITY, IOWA

## ORGANIZATIONAL CHART



## DIRECTORY OF CITY OFFICIALS

### ELECTED CITY OFFICERS

#### MAYOR

Deb DeHaan

#### COUNCIL MEMBERS

Rod DeBoer  
Chad Oolman  
Steve Roesner  
Mick Snieder  
Earl Woudstra

#### HOSPITAL TRUSTEES

Tim Zeutenhorst, Chairman  
Randy Jacobsma, Vice Chairman  
Brenda Richardson, Secretary  
Russ Adams  
Jerry Henrich  
Chris Immeker  
Shirley Van Wechel

### APPOINTED CITY OFFICERS

Duane Feekes  
City Administrator

Brad DeJong  
City Attorney

## APPOINTED BOARDS AND COMMISSIONS

### ZONING BOARD OF APPEALS

Gary Cleveringa, Chairman  
John Kooiman, Vice-Chairman  
Jamie Valentine  
Arlin Smit  
Ben Van Engelenhoven

### PLANNING AND ZONING COMMISSION

Mark Lundberg, Chairman  
Dale Pluim, Vice-Chairman  
Joe Poppema  
Scott Heemstra  
Amy Schutt  
Harold Hoftzyer  
Jamie Den Hartog

### ARTS COUNCIL

Noah Adams  
Olga Alvarado  
Susan Le Mahieu  
Gail Marincovich  
Terry J. Mouw  
Jennifer L. Sabo  
Jim Schaap  
Emily Stokes  
Phyllis Van Gelder  
Sandie Vant Hof  
Angela Kroeze Visser  
Mark Volkers  
Chris White  
Janine Calsbeek, Executive Director

### LIBRARY BOARD OF DIRECTORS

Kay Joiner, President  
Elizabeth Kensak, Vice-President  
John Buntsma, Secretary  
Terry Chi  
Mabel Mantel  
Kathy Vaughn  
Jared Weber

### FIRE DEPARTMENT

Paul Brentlinger  
Rob Bruxvoort  
Jon De Koster  
Kevin Dekker  
Brandon DeKock  
Brian De Kock  
Mike Dorr  
Brennan Dorsey  
David Dykstra  
Josh Dykstra  
Michael Dykstra  
Mel Elsberry  
Chad Hase  
John Heller  
Tim Huffman  
Al Jeltema  
Ann Lundberg  
Josh Meis  
Jake Miller  
Nate Mosterd  
Kyle Oostra  
Mike Ritz  
Andrew Roghair  
Dan Roghair  
Matt Saltsgiver  
Dan Schram  
Dennis Vander Wel, Chief  
Brent Van Leeuwen  
Michael Vander Weide  
Benton Vargason  
Nathan Westphal

## CITY PERSONNEL

### ADMINISTRATION

Kent Anderson  
Janet Brown  
Duane Feekes  
Mark Gaul  
Bryan Gerritson  
Ken Meendering  
Barb Ramsey  
Everett "Doc" Van Leeuwen  
Mary Wichers

Finance Officer  
City Clerk  
City Administrator  
Community Development Director  
Public Works Director  
Code Officer  
Billing Clerk  
Event Center Manager  
Receptionist/Secretary

### POLICE DEPARTMENT

Jim Pottebaum  
Duane Hulstein  
Bruce Jacobsma  
Phillip Meyer  
Jessica Dorhout-VanEngen  
Wesley Van Voorst  
Robert Van Zee

Chief of Police  
Police Officer  
Police Officer  
Police Officer  
Police Officer  
Police Officer  
Police Officer

### STREET DEPARTMENT

Luke Horkey  
Don Snieder  
Randy Van De Griend

Street Crewman  
Street Crewman/Mechanic  
Street Foreman

### PARKS AND RECREATION

Mitch Aalbers  
Brian Goslinga  
Rachel Franklin

Director  
Park Maintenance  
Pool/Fitness Director

### MUNICIPAL BUILDINGS

Bill Van Marel Jr.

Custodian

### UTILITIES

Gerry Bomgaars  
Alan DeJong  
Ed DeJong  
Michael Klootwyk  
Kirk Maasdam  
Jerry Reuvers  
David Sassman  
Arlan Scholten  
Mike Anema  
Michael Verdoorn

Gas Utility Foreman  
Electric Journeyman Lineman  
Gas Utility Crewman  
Electric Journeyman Lineman  
Water & Wastewater Operator  
Water & Wastewater Operator  
Water & Wastewater Foreman  
Electric Department Foreman  
Electric Line Maintenance Worker II  
Electric Journeyman Lineman

### AIRPORT

Dan Vander Weide

Base Operator

### HOSPITAL

Martin W. Guthmiller  
Dina Baas

Administrator  
Chief Financial Officer

### LIBRARY

Sue Kroesche  
Amanda Vazquez

Administrator  
Assistant Administrator

## INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the City Council  
City of Orange City, Iowa

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the CITY OF ORANGE CITY, IOWA (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Orange City Municipal Hospital, (a discretely presented component unit), which statements reflect total assets of \$64,704,245 and total program revenues of \$42,415,180 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Orange City Municipal Hospital, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Orange City, Iowa, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and schedule of funding progress for retiree health plan on pages 12 through 24 and 65 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014, on our consideration of the City of Orange City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Orange City's internal control over financial reporting and compliance.

  
Certified Public Accountants

Le Mars, Iowa  
December 8, 2014

## **Management's Discussion and Analysis**

**June 30, 2014**

This discussion and analysis of the City of Orange City financial performance provides an overview of the City's financial activities for the fiscal year ending June 30, 2014. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal on page 1 and the City's financial statements that follow this report, as well as the separately issued financial statements of Orange City's Municipal Hospital and Orange City's Municipal Golf Association, discretely presented component units of the City.

### **Financial Highlights**

- The assets of the City of Orange City exceeded liabilities at June 30, 2014 by \$35,259,241. Of this amount, \$7,711,456 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$ 2,491,324 during the year. Of this amount, the governmental activities increased by \$24,014 and the net position of our business activities increased by \$ 2,467,310.
- The City's governmental activities long-term debt decreased \$425,000 during the current fiscal year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

In addition to the Management Discussion and Analysis, this annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. An additional part of the basic financial statements are the Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

## REPORTING THE CITY AS A WHOLE

### The Statement of Net Position and the Statement of Activities

The government-wide statements report information about the City as a whole using accounting methods similar to those used by the private sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenue and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by the private-sector companies. These two statements report the City's net position, which is the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Additional factors, such as changes in the City's property tax base and condition of the City's infrastructure, are also important in making this determination.

In the Statement of Net Position and the Statement of Activities, we have divided the City into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, such as Police, Fire, Public Works, and Parks departments, and general administration. Property Taxes finances most of these activities.
- **Business Type Activities** – The City charges fees to customers to cover the cost of these services. Included here are the City Electric, Water, Sewer, and Natural Gas funds.

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds- not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also established funds to control and manage money for particular purposes (such as construction projects) and to show that it is properly using certain revenues (such as Sales Tax Revenues). The City has the following types of funds:



- **Governmental Funds** – Most of the City's basic services are included in Governmental Funds, which focus on how money moves into and out of these funds and the balances left at year-end are available for spending. These funds are reported using the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the City's general governmental operations and basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. We describe the relationship between Governmental Activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds in a reconciliation following each Governmental Fund financial statement.
- **Proprietary Funds** – When the City charges customers for the service it provides, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the Proprietary Funds report and the Business Type Activities we report in the government-wide statements is the detail and additional information, such as cash flows, provided in the Proprietary Funds report.

## **THE CITY AS TRUSTEE**

### **Reporting the City's Fiduciary Responsibilities**

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City government. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found behind the Fiduciary Funds statements.

## **THE CITY AS A WHOLE**

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. The largest part of the City's net position reflects its investment in capital assets (land, buildings and improvements, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must

be provided from the other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following comparative chart shows the changes in net position for the years ended June 30, 2014 and 2013.

	General Governmental Activities		Business-Type Activities	
	2014	2013	2014	2013
Current and Other Assets	\$ 6,314,653	\$ 6,687,922	\$12,189,673	\$11,885,633
Capital Assets	20,198,957	20,275,092	21,783,240	21,912,488
Total Assets	26,513,610	26,963,014	33,972,913	33,798,121
Long-Term Liabilities Outstanding	12,974,621	13,392,675	7,792,594	10,051,519
Other Liabilities	389,469	511,656	777,585	811,178
Total Liabilities	13,364,090	13,904,331	8,570,179	10,862,697
Deferred Inflows	3,293,013	3,226,190	-	-
Net Position:				
Net Investment in Capital Assets	10,998,957	10,930,092	14,068,240	13,567,488
Restricted	1,194,599	1,799,523	1,285,989	1,183,889
Unrestricted	(2,337,049)	(2,897,122)	10,048,505	8,184,047
Total Net Position	\$9,856,507	\$ 9,832,493	\$25,402,734	\$22,935,424

	Totals	
	2014	2013
Current and Other Assets	\$18,504,326	\$18,573,555
Capital Assets	41,982,197	42,187,580
Total Assets	60,486,523	60,761,135
Long-Term Liabilities Outstanding	20,767,215	23,444,194
Other Liabilities	1,167,054	1,322,834
Total Liabilities	21,934,269	24,767,028
Deferred Inflows	3,293,013	3,226,190
Net Position:		
Net Investment in Capital Assets	25,067,197	23,017,580
Restricted	2,480,588	2,993,095
Unrestricted	7,711,456	6,757,242
Total Net Position	\$35,259,241	\$32,767,917

This summary reflects a increase of 0.24% for the governmental net position and an increase of 10.76% in the business-type net position. The business-type net position increase is due to transfers in and the City's share of MBMECA's income.

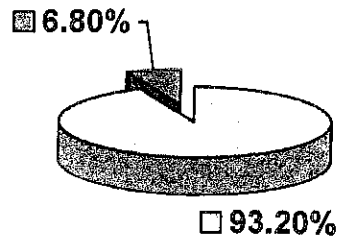
Total revenue reported in Fiscal 2014 was \$18,758,991. The following table breaks down revenues collected for Governmental Activities and Business-Type Activities for Fiscal Year 2014 and 2013:

Revenue Source	General Governmental Activities		Business-Type Activities	
	2014	2013	2014	2013
<b>Program Revenues:</b>				
Charges for Services	\$ 748,678	\$ 635,478	\$ 11,810,373	\$ 10,656,617
Operating Grants and Contributions	916,877	970,358	-	-
Capital Grants and Contributions	-	399,850	-	-
<b>Total Program Revenues</b>	<u>1,665,555</u>	<u>2,005,686</u>	<u>11,810,373</u>	<u>10,656,617</u>
<b>General Revenues &amp; Interfund Transfers:</b>				
Property Taxes	3,478,291	3,298,474	-	-
Local Option Sales Tax	710,785	736,474	-	-
Interest	2,328	9,621	16,015	18,988
Gain on Sales of Assets	52,023	145,696	-	-
Miscellaneous	45,850	117,465	977,771	382,211
<b>Total General Revenues</b>	<u>4,289,277</u>	<u>4,307,730</u>	<u>993,786</u>	<u>401,199</u>
Interfund Transfers	(480,685)	442,342	480,685	(442,342)
<b>Total General Revenues &amp; Interfund Transfers:</b>	<u>3,808,592</u>	<u>4,750,072</u>	<u>1,474,471</u>	<u>(41,143)</u>
<b>Total Revenues &amp; Interfund Transfers:</b>	<u>\$ 5,474,147</u>	<u>\$ 6,755,758</u>	<u>\$ 13,284,844</u>	<u>\$ 10,615,474</u>

Revenue Source	Totals	
	2014	2013
<b>Program Revenues:</b>		
Charges for Services	\$ 12,559,051	\$ 11,292,095
Operating Grants and Contributions	916,877	970,358
Capital Grants and Contributions	-	399,850
<b>Total Program Revenues</b>	<u>13,475,928</u>	<u>12,662,303</u>
<b>General Revenues &amp; Interfund Transfers:</b>		
Property Taxes	3,478,291	3,298,474
Local Option Sales Tax	710,785	736,474
Interest	18,343	28,609
Gain on Sales of Assets	52,023	145,696
Miscellaneous	1,023,621	499,676
<b>Total General Revenues &amp; Interfund Transfers</b>	<u>5,283,063</u>	<u>4,708,929</u>
<b>Total General Revenues &amp; Interfund Transfers:</b>	<u>5,283,063</u>	<u>4,708,929</u>
<b>Total Revenues &amp; Interfund Transfers:</b>	<u>\$ 18,758,991</u>	<u>\$ 17,371,232</u>

Program revenues totaled \$13,475,928 for fiscal year 2014. Governmental Activities provided \$1,665,555 and Business-Type Activities provided \$11,810,373. Revenue collected for Charges for Services during fiscal year 2014 was \$12,559,051, accounting for 93.20% of the total program revenues. The following chart breaks down program revenues by source:

### Program Revenues

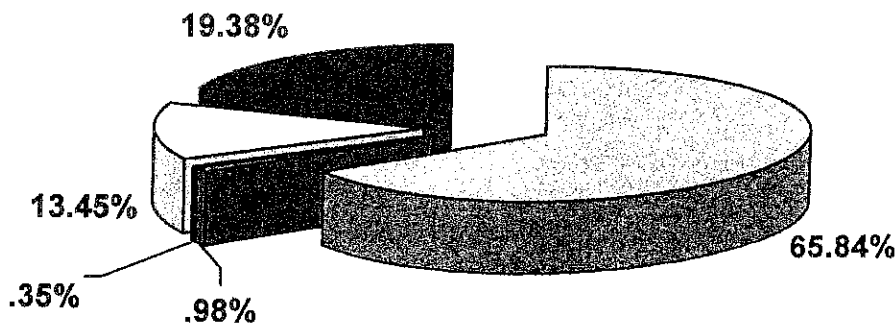


□ Charges for Services 93.20%

■ Operating Grants and Contributions 6.80%

General Revenues for fiscal year 2014 totaled \$ 5,283,063. Governmental Activities provided \$4,289,277 and Business-Type Activities provided \$993,786. Property Tax Revenues for fiscal year 2014 totaled \$3,478,291, accounting for 65.84% of General Revenues. The following chart breaks down General Revenues by source:

### General Revenues



□ Property Taxes 65.84%

□ Interest .35%

■ Miscellaneous 19.38%

■ Loss on Sale of Assets .98%

□ Local Option Sales Tax 13.45%

Expenses for Fiscal 2014 totaled \$16,267,667. Expenses for Governmental Activities totaled \$5,450,133, accounting for 33.50% of total expenses. Business-Type Activity expenses totaled \$ 10,817,534, for 66.50% of the total.

The following table shows total expenses by Function/Program for FY 2014 and FY 2013:

	General Governmental Activities		Business-Type Activities	
	2014	2013	2014	2013
Public Safety	\$ 872,249	\$ 833,780	\$ -	\$ -
Public Works	1,613,585	1,619,083	-	-
Culture and Recreation	1,291,006	1,434,484	-	-
Community & Economic Development	325,474	325,702	-	-
General Government	992,494	2,345,344	-	-
Debt Service	355,325	431,845	-	-
Sewer System	-	-	540,096	523,094
Water System	-	-	917,303	943,567
Electric System	-	-	6,684,885	6,327,351
Natural Gas System	-	-	2,675,250	2,013,797
Total Expenses	\$ 5,450,133	\$ 6,990,238	\$10,817,534	\$ 9,807,809

	Totals	
	2014	2013
Public Safety	\$ 872,249	\$ 833,780
Public Works	1,613,585	1,619,083
Culture and Recreation	1,291,006	1,434,484
Community & Economic Development	325,474	325,702
General Government	992,494	2,345,344
Debt Service	355,325	431,845
Sewer System	540,096	523,094
Water System	917,303	943,567
Electric System	6,684,885	6,327,351
Natural Gas System	2,675,250	2,013,797
Total Expenses	\$ 16,267,667	\$16,798,047

The following table shows the activities included within each program level:

<u>Program Level</u>	<u>Activity</u>
Public Safety	Individual & Community Protection, Physical Health
Public Works	Roadway Construction, Airport Operations, Street Lighting, Transportation Services
Culture and Recreation	Education & Culture, Leisure Time Opportunities
Community and Economic Development	Economic Development, Community Beautification, Planning and Zoning
General Government	Administration, Support Services
Debt Service	Payment of Interest
Capital Projects	Construction of Capital Facilities
Sewer System	Operation of the Waste Water Treatment Plant/Supply Distribution System
Water System	Operation of Water Treatment Plant/Supply Distribution System
Electric System	Operation of Electric Plant/Supply Distribution System
Natural Gas System	Operation of Natural Gas Plant/Supply Distribution System

### **Governmental of Activities**

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$ 872,249 and received \$ 19,309 in revenue, thus leaving a cost to the taxpayer of \$ 852,940 to be funded by various methods. The new format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety	Fines, Fees
Public Works	Road Use Tax, Rent, Special Assessments
Culture and Recreation	Fees, State Aid
General Government	Licenses, Permits
Capital Projects	Donations, State Grants, Federal Grants

The total cost of governmental activities this year was \$5,450,133. Of these costs, \$748,678 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contributions was \$ 916,877, leaving a Net Expense of \$3,784,578 for Governmental Activities. These expenses of were covered with tax revenues, interest and other general revenues. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	2014	2013
<b>Governmental Activities:</b>		
Public Safety	\$ (852,940)	\$ (604,308)
Public Works	(701,088)	(457,521)
Culture and Recreation	(867,777)	(945,677)
Community and Economic Development	(221,325)	(248,39)
General Government	(786,123)	(2,296,810)
Debt Service	(355,325)	(431,845)
Total Net (Expense) Revenue Governmental Activities	(3,784,578)	(4,984,552)
General Revenues & Interfund Transfers	3,808,592	4,750,072
<b>Change in Net Position</b>	<b>\$ 24,014</b>	<b>(234,480)</b>

Total resources available during the year to finance governmental operations were \$15,306,640 consisting of Net Position at July 1, 2013 of \$9,832,493, Program Revenues of \$1,665,555 and General Revenues and Transfers of \$3,808,592. Total Governmental Activities during the year expended \$5,450,133; thus, Net Position increased by \$24,014 to \$9,856,507.

### Business Type Activities

Business Type Activities increased the City's net position by \$ 2,467,310.

The cost of all Proprietary Activities this year was \$10,817,534. As shown in the Statement of Activities, the amount paid by users of the systems was \$11,810,373, resulting in total Net Revenue for Business Type Activities of \$992,839. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2014	2013
Electric System	\$ 837,136	\$ 684,191
Water System	(31,159)	(61,360)
Sewer System	52,349	83,731
Natural Gas System	134,513	142,246
Total Net (Expense) Revenue Business-Type Activities	992,839	848,808
General Revenues & Interfund Transfers	1,474,471	(41,143)
<b>Change in Net Position</b>	<b>\$ 2,467,310</b>	<b>\$ 807,665</b>

Total resources available during the year to finance Proprietary Fund activities were \$36,220,268 consisting of Net Position at July 1, 2013 of \$22,935,424, Program Revenues of \$11,810,373 and General Revenues and Transfers of \$1,474,471. Total Proprietary Fund Activities during the year expended \$10,817,534; thus Net Position was increased by \$2,467,310 to \$25,402,734.

### **Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$2,513,043. The combined Governmental Funds balance decreased \$ 330,747 from the prior year.

The General Fund is the primary operating fund of the City. During the year, expenditures exceeded revenues in the General fund by \$ 176,820.

The Road Use Tax Fund is used to account for the collection and disbursement of state fuel tax dollars. During the year, revenues exceeded expenditures by \$ 91,601.

The Debt Service Fund is used to account for collection of general property taxes for the repayment of general obligation debt. During the year, expenditures exceeded revenues by \$10,320.

The TIF Fund (Tax Incremental Financing) is used to account for property taxes received to be expended for various public improvement projects. The TIF Fund balance decreased by \$763,725 due to a transfer of funds into the Puddle Jumper 5<sup>th</sup> Addition Capital Projects Fund.

The Puddle Jumper 5<sup>th</sup> Addition Fund is used to account for construction and financing of the Puddle Jumper 5<sup>th</sup> Development Addition. The Puddle Jumper 5<sup>th</sup> Addition Fund balance increased by \$656,870 due to the transfer of funds from the TIF Fund.

### **General Fund Budgetary Highlights**

Comparing the fiscal year 2014 original (adopted) city wide amount of \$ 61,126,839 to the final budget amount of \$ 62,789,339 shows a net increase of \$ 1,662,500.



The following table shows the government wide budget variances by program structure:

Expenses	Amended Budget	Actual	Variance
Public Safety	\$ 839,974	\$ 811,614	\$ 28,360
Public Works	1,087,838	1,098,769	(10,931)
Culture and Recreation	1,346,601	1,231,065	115,536
Community and Economic Development	80,861	325,398	(244,537)
General Government	839,518	866,915	(27,397)
Capital Projects	500,000	1,541,643	(1,041,643)
Debt Service	3,871,577	1,687,768	2,183,809
Business-Type Activities	54,222,970	53,288,354	934,616
<b>Total Expenses</b>	<b>\$ 62,789,339</b>	<b>\$ 60,851,526</b>	<b>\$ 1,937,813</b>

During the year there was a \$ 1,662,500 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$ 26,000 supplemental appropriation to the police and fire department for such costs as for fuel, workman's comp. and fire truck repairs.
- \$ 42,000 supplemental appropriation to roadway maintenance and solid waste departments, for such costs as new garbage fees at the landfill and street truck and tractor repairs.
- \$ 14,000 supplemental appropriation to the culture and recreation departments for new flooring in the fitness center and additional costs for workman's comp.
- \$ 80,500 supplemental appropriation to our City Hall department for legal services, workman's comp, a new compressor for our air conditioning unit and our Event Center department for part-time help and for kitchen equipment.
- \$ 1,500,000 supplemental appropriation to our municipal hospital for under budgeting their operations for the year.

A part of the increase was possible because of additional revenues. Those revenues included additional rent revenue from our event center and additional patient revenue from the hospital. The rest of the appropriations were paid with the fund balance from the general fund.

## Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2014, was \$25,067,197 (net of accumulated depreciation and outstanding financings). The gross additions to capital assets for Fiscal 2014 and 2013 are as follows:

	General Governmental Activities		Business-Type Activities	
	2014	2013	2014	2013
Land	\$ -	\$ -	\$ -	\$ 126,013
Infrastructure	64,308	1,233,941	-	-
Buildings	-	4,625,444	-	8,820
Improvements-Other than Buildings	1,205,550	-	-	-
Equipment	182,223	162,269	85,976	125,051
Utility Plant			4,495,069	1,870,448
Construction in Progress	771,470	815,292	853,404	694,263
<b>Total Gross Additions</b>	<b>\$ 2,223,551</b>	<b>\$ 6,836,946</b>	<b>\$ 5,434,449</b>	<b>\$ 2,824,595</b>

	Totals	
	2014	2013
Land	\$ -	\$ 126,013
Infrastructure	64,308	1,233,941
Buildings	-	4,634,264
Improvements-Other Buildings	1,205,550	-
Equipment	268,199	287,320
Utility Plant	4,495,069	1,870,448
Construction in Progress	1,624,874	1,509,555
<b>Total Expenditures</b>	<b>\$ 7,658,000</b>	<b>\$9,661,541</b>

Construction In Progress at June 30, 2014 for governmental activities consisted of costs associated with the Downtown Street Project, Frankfort Place Extension, Daycare Building Expansion, and our Dunlop Park Improvements.

For Business-Type Activities, the Utility Plant addition consisted of costs associated with the new electric substation located in our industrial park.

See Note 6 to the financial statements for more information on the City's capital assets.

## **DEBT ADMINISTRATION**

At year-end the City had \$20,590,000 of debt outstanding. Of this amount, \$ 12,875,000 comprises debt backed by the full faith and credit of the government. The remainder of \$ 7,715,000 is debt represented by bonds secured solely by the specified revenue sources (i.e., revenue bonds).

Debt administration is on track, with over 80% of all City debt repaid within the next 10 years. This rapid repayment, when combined with the use of TIF has allowed the City to maintain our good rating. This reflects well on our community.

The City continues to operate well under State debt capacity limitations. The State limits the amount of General Obligation Debt Outstanding to 5% of the assessed value of all taxable property in the community. Thus, our debt capacity is \$ 15,899,031. With outstanding General Obligation Debt applicable to this limit of \$12,875,000, we are utilizing 81.0% of this limit. More detailed information on debt administration is provided in Note 7 of the financial statements.

## **ECONOMIC FACTORS**

The City of Orange City worked hard in FY 2014 to maintain a positive approach to growth and development. Continued progressive growth in the Orange City community had a positive effect on the City's unemployment and tax base. The growth in Local Option Sales Tax demonstrates that the Orange City's economy continues to grow.

The city started a downtown streetscape project for this fiscal year. In 2009 we did our main street. This project is what we call our side street project. It is made up of five blocks of downtown streets. We removed the asphalt and replaced with concrete. We also included in the project new street light poles and fixtures. The project cost \$ 1.1 million dollars.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kent Anderson at 712-707-4885.

CITY OF ORANGE CITY, IOWA  
STATEMENT OF NET POSITION  
JUNE 30, 2014

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	Orange City Municipal Hospital	Orange City Muni. Golf Association
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,019,407	\$ 3,823,811	\$ 5,843,218	\$ 9,170,768	\$ 56,168
Investments	640,009	790,004	1,430,012	5,413,629	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	53,608	873,209	926,817	4,824,431	8,059
Taxes	7,350	-	7,350	-	-
Subsequent Year Taxes	3,293,013	-	3,293,013	-	-
Accrued Interest	94	457	551	15,779	-
Estimated Unbilled Usage	-	349,295	349,295	-	-
Special Assessments	40,556	-	40,556	-	-
Notes Receivable	50,000	-	50,000	-	-
TIF Receivable	-	12,559	12,559	-	-
Interfund Balances	(58,000)	58,000	-	-	-
Due from Other Governmental Agencies	153,538	358,147	511,685	-	-
Inventories	9,400	699,714	709,114	434,406	19,653
Prepaid Assets	105,679	69,246	174,925	18,434	-
Investment in Joint Venture	-	3,824,842	3,824,842	-	-
Other	-	-	-	180,319	-
Restricted Assets, Cash and Investments:					
Cash and Cash Equivalents	-	389	389	1,203,477	-
Temporary Cash Investments	-	-	-	1,925,500	-
Revenue Bond Current Debt Service Account - Investments	-	540,000	540,000	-	-
Revenue Bond Future Debt Service Account - Investments	-	790,000	790,000	-	-
Pledges Receivable	-	-	-	293,320	-
Land	1,063,846	506,491	1,570,437	1,094,427	-
Construction in Progress	194,747	-	194,747	50,226	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	19,940,264	21,276,749	40,217,013	40,079,529	1,573,282
<b>Total Assets</b>	<b>26,513,610</b>	<b>33,972,913</b>	<b>60,486,523</b>	<b>64,704,245</b>	<b>1,657,162</b>
<b>LIABILITIES</b>					
Accounts Payable	320,472	658,066	978,538	1,657,482	-
Accrued Wages	40,526	20,323	60,849	2,890,554	-
Accrued Expenses	1,922	30,153	32,075	375,549	-
Customer Deposits	-	24,643	24,643	-	9,044
Unearned Revenue	-	-	-	-	37,541
Accrued Interest	26,549	-	26,549	468,445	-
Payables from Restricted Assets:					
Accrued Interest	-	44,400	44,400	-	-
Revenue Bonds - Current	-	790,000	790,000	-	-
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	-	-	881,842	-
General Obligation Bonds	1,490,000	-	1,490,000	-	-
Notes Payable	-	-	-	-	66,657
Compensated Absences and Benefits	19,203	16,766	35,969	-	-
Due in more than one year:					
Revenue Bonds Payable	-	6,925,000	6,925,000	27,367,539	-
General Obligation Bonds	11,385,000	-	11,385,000	-	-
Notes Payable	-	-	-	-	298,417
Other Post Employment Benefits	22,808	10,529	33,337	50,500	-
Compensated Absences and Benefits, Long-Term	57,610	50,299	107,909	-	-
<b>Total Liabilities</b>	<b>13,364,090</b>	<b>8,570,179</b>	<b>21,934,269</b>	<b>33,691,911</b>	<b>411,659</b>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Unavailable Revenue - Subsequent Year Taxes	3,293,013	-	3,293,013	-	-
<b>Total Deferred Inflow of Resources</b>	<b>3,293,013</b>	<b>-</b>	<b>3,293,013</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	10,998,957	14,068,240	25,067,197	12,974,800	1,208,208
Restricted for:					
Debt Service	40,103	1,285,989	1,326,092	3,128,977	-
Permanent Funds - nonexpendable	93,075	-	93,075	-	-
Specific Revenues	1,061,421	-	1,061,421	-	-
Donor Restrictions	-	-	-	301,863	-
Unrestricted	(2,337,049)	10,048,505	7,711,456	14,606,694	37,295
<b>Total Net Position</b>	<b>\$ 9,856,507</b>	<b>\$ 25,402,734</b>	<b>\$ 35,259,241</b>	<b>\$ 31,012,334</b>	<b>\$ 1,245,503</b>

See Accompanying Notes to Financial Statements

NA

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Public Safety	\$ 872,249	\$ 19,309	\$ -	\$ -
Public Works	1,613,585	312,823	599,674	-
Culture and Recreation	1,291,006	343,273	79,956	-
Community and Economic Development	325,474	32,099	72,050	-
General Government	992,494	41,174	165,197	-
Debt Service	355,325	-	-	-
Total governmental activities	<u>5,450,133</u>	<u>748,678</u>	<u>916,877</u>	<u>-</u>
<b>Business-Type Activities:</b>				
Electric Utility	6,684,885	7,522,021	-	-
Water Utility	917,303	886,144	-	-
Sewer Utility	540,096	592,445	-	-
Gas Utility	2,675,250	2,809,763	-	-
Total Business-Type Activities:	<u>10,817,534</u>	<u>11,810,373</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 16,267,667</u>	<u>\$ 12,559,051</u>	<u>\$ 916,877</u>	<u>\$ -</u>
<b>Component Unit:</b>				
Orange City Municipal Hospital	<u>\$ 42,470,820</u>	<u>\$ 41,985,729</u>	<u>\$ 403,786</u>	<u>\$ 25,665</u>
Orange City Municipal Golf Association	<u>\$ 570,784</u>	<u>\$ 455,786</u>	<u>\$ 125,000</u>	<u>\$ -</u>

General Revenues:

- Property taxes
- Local Option Sales Tax
- Interest
- Gain on Sale of Assets
- Miscellaneous
- Interfund Transfers
- Total general revenues and transfers
- Change in net position
- Net Position - beginning
- Prior Period Adjustment
- Net Position - beginning as restated
- Net Position - ending

**CITY OF ORANGE CITY, IOWA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
Public Safety	\$ 872,249	\$ 19,309	\$ -	\$ -
Public Works	1,613,585	312,823	599,674	-
Culture and Recreation	1,291,006	343,273	79,956	-
Community and Economic Development	325,474	32,099	72,050	-
General Government	992,494	41,174	165,197	-
Debt Service	355,325	-	-	-
Total governmental activities	<u>5,450,133</u>	<u>748,678</u>	<u>916,877</u>	<u>-</u>
<b>Business-Type Activities:</b>				
Electric Utility	6,684,885	7,522,021	-	-
Water Utility	917,303	886,144	-	-
Sewer Utility	540,096	592,445	-	-
Gas Utility	2,675,250	2,809,763	-	-
Total Business-Type Activities:	<u>10,817,534</u>	<u>11,810,373</u>	<u>-</u>	<u>-</u>
 Total Primary Government	 <u>\$ 16,267,667</u>	 <u>\$ 12,559,051</u>	 <u>\$ 916,877</u>	 <u>\$ -</u>
 Component Unit:				
Orange City Municipal Hospital	\$ 42,470,820	\$ 41,985,729	\$ 403,786	\$ 25,665
Orange City Municipal Golf Association	<u>\$ 570,784</u>	<u>\$ 455,786</u>	<u>\$ 125,000</u>	<u>\$ -</u>

General Revenues:  
 Property taxes  
 Local Option Sales Tax  
 Interest  
 Gain on Sale of Assets  
 Miscellaneous  
 Interfund Transfers  
 Total general revenues and transfers  
 Change in net position  
 Net Position - beginning  
 Prior Period Adjustment  
 Net Position - beginning as restated  
 Net Position - ending

Net (Expense) Revenue and Changes in Net Position				
Governmental Activities	Business-Type Activities	Total	Component Unit	
			Orange City Municipal Hospital	Orange City Municipal Golf Ass'n.
\$ (852,940)		\$ (852,940)		
(701,088)		(701,088)		
(867,777)		(867,777)		
(221,325)		(221,325)		
(786,123)		(786,123)		
(355,325)		(355,325)		
<u>(3,784,578)</u>		<u>(3,784,578)</u>		
	\$ 837,136	837,136		
	(31,159)	(31,159)		
	52,349	52,349		
	<u>134,513</u>	<u>134,513</u>		
	<u>992,839</u>	<u>992,839</u>		
<u>(3,784,578)</u>	<u>992,839</u>	<u>(2,791,739)</u>		
			\$ (55,640)	\$ 10,002
3,478,291	-	3,478,291	-	-
710,785	-	710,785	-	-
2,328	16,015	18,343	128,178	-
52,023	-	52,023	-	-
45,850	977,771	1,023,621	-	-
(480,685)	480,685	-	-	-
<u>3,808,592</u>	<u>1,474,471</u>	<u>5,283,063</u>	<u>128,178</u>	<u>-</u>
24,014	2,467,310	2,491,324	72,538	10,002
9,832,493	22,935,424	32,767,917	30,996,845	1,235,501
-	-	-	(57,049)	-
<u>9,832,493</u>	<u>22,935,424</u>	<u>32,767,917</u>	<u>30,939,796</u>	<u>1,235,501</u>
<u>\$ 9,856,507</u>	<u>\$ 25,402,734</u>	<u>\$ 35,259,241</u>	<u>\$ 31,012,334</u>	<u>\$ 1,245,503</u>

See Accompanying Notes to Financial Statements

**CITY OF ORANGE CITY, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**JUNE 30, 2014**

	General	Road Use Tax	TIF	Debt Service
<b>Assets</b>				
Cash and Pooled Investments	\$ 941,652	\$ 394,913	\$ 382,366	\$ 63,329
Investments	640,008	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	53,608	-	-	-
Taxes	4,027	-	-	3,323
Subsequent Year Taxes	1,369,912	-	650,000	1,273,101
Accrued Interest	94	-	-	-
Special Assessments	40,556	-	-	-
Notes Receivable	-	-	-	-
Due from Other Funds	-	-	116,631	-
Due from Other Governmental Agencies	107,215	46,323	-	-
Inventories	-	9,400	-	-
Total Assets	3,157,072	450,636	1,148,997	1,339,753
<b>Liabilities</b>				
Accounts Payable	161,072	-	6,120	-
Accrued Wages	40,526	-	-	-
Accrued Expenses	1,922	-	-	-
Due to Other Funds	58,000	-	-	-
Total Liabilities	261,520	-	6,120	-
<b>Deferred Inflow of Resources</b>				
Unavailable Revenue - Special Assessments	39,998	-	-	-
Unavailable Revenue - Subsequent Year Taxes	1,369,912	-	650,000	1,273,101
Total Deferred Inflow of Resources	1,409,910	-	650,000	1,273,101
<b>Fund Balances (Deficits)</b>				
Nonspendable:				
Inventories	-	9,400	-	-
Permanent Fund Principal	-	-	-	-
Restricted for:				
Debt Service	-	-	-	66,652
TIF	-	-	492,877	-
Economic Development	-	-	-	-
Road Use Tax	-	441,236	-	-
Unassigned	1,485,642	-	-	-
Total Fund Balances (Deficits)	1,485,642	450,636	492,877	66,652
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,157,072	\$ 450,636	\$ 1,148,997	\$ 1,339,753

See Accompanying Notes to Financial Statements



<b>Puddle Jumper 5th Addition</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 76,164	\$ 160,983	\$ 2,019,407
-	-	640,008
-	-	53,608
-	-	7,350
-	-	3,293,013
-	-	94
-	-	40,556
-	50,000	50,000
-	-	116,631
-	-	153,538
-	-	9,400
76,164	210,983	6,383,605
76,164	77,116	320,472
-	-	40,526
-	-	1,922
-	116,631	174,631
76,164	193,747	537,551
-	-	39,998
-	-	3,293,013
-	-	3,333,011
-	-	9,400
-	93,075	93,075
-	-	66,652
-	-	492,877
-	117,908	117,908
-	-	441,236
-	(193,747)	1,291,895
-	17,236	2,513,043
\$ 76,164	\$ 210,983	\$ 6,383,605

See Accompanying Notes to Financial Statements

**CITY OF ORANGE CITY, IOWA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014**

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Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds (page 29)	\$ 2,513,043
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	20,198,957
Deferred revenues that provide current financial resources for governmental activities	39,998
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(26,549)
Accrued compensated absences and other post employment benefits not reported on the modified accrual basis	(99,621)
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources	105,679
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(12,875,000)</u>
Total Net Position - Governmental Activities (page 25)	<u><u>\$ 9,856,507</u></u>

**CITY OF ORANGE CITY, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended June 30, 2014**

	General	Road Use Tax	TIF	Debt Service
Revenue:				
Taxes	\$ 1,328,085	\$ -	\$ -	\$ 1,335,219
Special Assessments	611	-	-	-
Licenses and Permits	6,348	-	-	-
Intergovernmental	192,064	596,676	-	-
Charges for Services	710,928	-	-	-
Fines and Forfeits	29,896	-	-	-
Contributions from Property Owners	53,087	-	-	-
TIF Revenue	203,666	-	611,887	-
Local Option Sales Tax	710,785	-	-	-
Proceeds from Sale of Real Estate	1,350	-	25,240	-
Interest on Investments	2,298	-	-	3
Miscellaneous	40,745	-	-	-
Total Revenue	3,279,863	596,676	637,127	1,335,222
Expenditures:				
Public Safety	811,614	-	-	-
Public Works	1,098,769	-	-	-
Culture and Recreation	1,231,065	-	-	-
Community and Economic Development	325,398	-	-	-
General Government	866,915	-	-	-
Capital Projects	-	-	18,886	-
Debt Service:				
Principal Retirement	-	-	285,000	1,045,000
Interest	-	-	40,544	300,542
Total Expenditures	4,333,761	-	344,430	1,345,542
Excess (deficiency) of revenues over expenditures	(1,053,898)	596,676	292,697	(10,320)
Other financing sources (uses):				
Issuance of Debt	-	-	-	-
Transfers In	877,078	-	-	-
Transfers Out	-	(505,075)	(1,056,422)	-
Total other financing sources (uses)	877,078	(505,075)	(1,056,422)	-
Net Change in Fund Balance	(176,820)	91,601	(763,725)	(10,320)
Fund balances (Deficits)-beginning of year	1,662,462	359,035	1,256,602	76,972
Fund balances (Deficits)- end of year	\$ 1,485,642	\$ 450,636	\$ 492,877	\$ 66,652

See Accompanying Notes to Financial Statements

<b>Puddle Jumper 5th Addition</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 2,663,304
-	-	611
-	-	6,348
-	72,050	860,790
-	-	710,928
-	-	29,896
-	-	53,087
-	-	815,553
-	-	710,785
30,000	-	56,590
-	27	2,328
-	9,000	49,745
30,000	81,077	5,959,965
-	-	811,614
-	-	1,098,769
-	-	1,231,065
-	-	325,398
-	-	866,915
1,317,870	204,887	1,541,643
-	-	1,330,000
16,682	-	357,768
1,334,552	204,887	7,563,172
(1,304,552)	(123,810)	(1,603,207)
905,000	-	905,000
1,056,422	-	1,933,500
-	(4,543)	(1,566,040)
1,961,422	(4,543)	1,272,460
656,870	(128,353)	(330,747)
(656,870)	145,589	2,843,790
\$ -	\$ 17,236	\$ 2,513,043

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 32) \$ (330,747)

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense exceeded capital outlay in the current year as follows:

Expenditures for capital assets	\$ 859,398	
Depreciation expense	<u>(1,035,533)</u>	(76,135)

Revenues reported in the funds that are not available to provide current financial resources (566)

Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources 10,965

Accrued interest expense that does not require current financial resources 2,443

Long-term accrual of compensated absences and post employment benefits are not reported in the governmental funds as it does not consume current financial resources. The net change in the long-term compensated absences and post employee benefits for the year was: (6,946)

The issuance of indebtedness provides current financial resources to the governmental funds without affecting net position. The statement of activities does not reflect the proceeds from the issuance of long-term debt. The proceeds from the issuance of long-term debt for the year was: (905,000)

The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net position. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:

Change in net position of governmental activities (page 27)	<u>1,330,000</u>	
	<u>\$ 24,014</u>	

CITY OF ORANGE CITY, IOWA  
COMBINING STATEMENT OF NET POSITION  
Proprietary Funds  
JUNE 30, 2014

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents			
Investments	\$ 1,899,958	\$ 916,110	\$ 446,857
Receivables (Net, where applicable, of allowance for uncollectibles)	320,000	-	260,004
Accounts			
Accrued Interest	615,818	93,086	63,095
Estimated Unbilled Usage	231	67	81
TIF Receivable	272,450	28,735	23,574
Due from Other Funds	-	-	12,559
Due from Other Governmental Agencies	58,000	-	-
Inventories	358,147	-	-
Prepaid Assets	638,682	26,838	-
Total Current Assets	31,871	18,101	10,755
<b>Non Current Assets</b>	<u>4,195,157</u>	<u>1,082,937</u>	<u>816,925</u>
Investment in Joint Venture			
Restricted Assets:	2,782,959	1,041,883	-
Revenue Bond Current Debt Service - Cash			
Revenue Bond Current Debt Service - Investments	389	-	-
Revenue Bond Future Debt Service - Investments	255,000	220,000	45,000
Land	425,000	280,000	15,000
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	53,552	178,786	249,153
Total Noncurrent Assets	<u>10,050,488</u>	<u>5,647,676</u>	<u>4,220,354</u>
<b>Total Assets</b>	<u>13,567,388</u>	<u>7,368,345</u>	<u>4,529,507</u>
<b>LIABILITIES</b>	<u>17,762,545</u>	<u>8,451,282</u>	<u>5,346,432</u>
<b>Current Liabilities</b>			
Accounts Payable			
Accrued Wages	519,341	15,922	9,549
Accrued Expenses	8,460	5,108	3,387
Customer Deposits	22,359	4,360	1,046
Accrued Revenue Bond Interest	14,537	-	-
Revenue Bonds - Current	16,090	25,744	271
Total Current Liabilities	<u>350,000</u>	<u>205,000</u>	<u>130,000</u>
Noncurrent Liabilities:	<u>930,787</u>	<u>256,134</u>	<u>144,253</u>
Due within one year:			
Compensated Absences			
Due in more than one year:	8,752	3,297	2,187
Revenue Bonds Payable			
Other Post Employment Benefits	3,830,000	2,540,000	-
Compensated Absences and Benefits, Long-Term	5,317	3,092	-
Total Liabilities	<u>26,256</u>	<u>9,893</u>	<u>6,561</u>
<b>NET POSITION</b>	<u>4,801,112</u>	<u>2,812,416</u>	<u>153,001</u>
Net Investment in Capital Assets			
Restricted for:	5,924,040	3,081,462	4,339,507
Debt Service			
Unrestricted	664,299	474,256	59,729
Total Net Position	<u>6,373,094</u>	<u>2,083,148</u>	<u>794,195</u>
	<u>\$ 12,961,433</u>	<u>\$ 5,638,866</u>	<u>\$ 5,193,431</u>

<u>Business Type Activities</u>	
<u>Gas Utility</u>	<u>Total</u>
\$ 560,886	\$ 3,823,811
210,000	790,004
101,210	873,209
78	457
24,536	349,295
-	12,559
-	58,000
-	358,147
34,194	699,714
8,519	69,246
<u>939,423</u>	<u>7,034,442</u>
-	3,824,842
-	389
20,000	540,000
70,000	790,000
25,000	506,491
<u>1,358,231</u>	<u>21,276,749</u>
<u>1,473,231</u>	<u>26,938,471</u>
<u>2,412,654</u>	<u>33,972,913</u>
113,254	658,066
3,368	20,323
2,388	30,153
10,106	24,643
2,295	44,400
105,000	790,000
<u>236,411</u>	<u>1,567,585</u>
2,530	16,766
555,000	6,925,000
2,120	10,529
7,589	50,299
<u>803,650</u>	<u>8,570,179</u>
723,231	14,068,240
87,705	1,285,989
798,068	10,048,505
<u>\$ 1,609,004</u>	<u>\$ 25,402,734</u>

See Accompanying Notes to Financial Statements

**CITY OF ORANGE CITY, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	<b>Business Type Activities</b>		
	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Sewer Utility</b>
<b>Operating Revenues:</b>			
Charges for Services	\$ 7,522,021	\$ 886,144	\$ 592,445
<b>Total Operating Revenue</b>	<u>7,522,021</u>	<u>886,144</u>	<u>592,445</u>
<b>Operating Expenses:</b>			
Production	4,489,950	192,914	142,462
Transmission	240,866	24,123	-
Distribution / Collection	485,094	164,241	87,454
Administrative and General	343,120	164,584	127,406
Depreciation	519,236	290,361	171,066
<b>Total Operating Expenses</b>	<u>6,078,266</u>	<u>836,223</u>	<u>528,388</u>
<b>Operating Income</b>	1,443,755	49,921	64,057
<b>Non-Operating Income (Expense):</b>			
Interest Income	14,420	1,434	83
Other Non-operating Revenues	462,897	364,741	149,689
Interest Expense	(98,238)	(68,080)	(2,708)
Other Non-operating Expenses	(503,249)	(13,000)	(9,000)
Loss on Sale of Fixed Assets	(5,132)	-	-
<b>Total Non-Operating Income (Expenses)</b>	<u>(129,302)</u>	<u>285,095</u>	<u>138,064</u>
<b>Income before Transfers</b>	1,314,453	335,016	202,121
<b>Contributed Capital</b>	-	205,074	643,071
<b>Transfers Out</b>	<u>(271,460)</u>	<u>(23,000)</u>	<u>(23,000)</u>
<b>Change in Net Position</b>	1,042,993	517,090	822,192
<b>Net Position - Beginning</b>	11,918,440	5,121,776	4,371,239
<b>Net Position - Ending</b>	<u>\$ 12,961,433</u>	<u>\$ 5,638,866</u>	<u>\$ 5,193,431</u>

See Accompanying Notes to Financial Statements



Business Type Activities	
Gas Utility	Total
\$ 2,809,763	\$ 11,810,373
2,809,763	11,810,373
-	4,825,326
2,256,866	2,521,855
147,510	884,299
175,733	810,843
80,493	1,061,156
2,660,602	10,103,479
149,161	1,706,894
78	16,015
444	977,771
(14,648)	(183,674)
-	(525,249)
-	(5,132)
(14,126)	279,731
135,035	1,986,625
-	848,145
(50,000)	(367,460)
85,035	2,467,310
1,523,969	22,935,424
\$ 1,609,004	\$ 25,402,734

See Accompanying Notes to Financial Statements

**CITY OF ORANGE CITY, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers	\$ 7,520,494	\$ 866,449	\$ 570,738
Cash Paid to Suppliers for Goods and Services	(5,145,602)	(279,866)	(193,972)
Cash Paid to Employees for Services	(552,928)	(282,765)	(186,595)
Other Nonoperating Income	462,897	364,741	149,689
Other Nonoperating Expenses	(503,249)	(13,000)	(9,000)
Net Cash Provided by Operating Activities	<u>1,781,612</u>	<u>655,559</u>	<u>330,860</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
(Increase) Decrease in Investment in Joint Venture	(545,968)	(66,798)	-
Acquisition and Construction of Capital Assets	(58,406)	(283,022)	(111,311)
Proceeds from Co-op	410,736	-	-
Due From Other Governments	42,716	-	-
Principal Paid on Notes and Bonds	(345,000)	(1,675,000)	(130,000)
Interest Paid on Notes and Bonds	(99,014)	(99,557)	(2,925)
Net Cash (Used) for Capital and Related Financing Activities	<u>(594,936)</u>	<u>(2,124,377)</u>	<u>(244,236)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Transfers From (To) Other Funds	(271,460)	(23,000)	(23,000)
TIF Receivable	-	-	9,070
Due From (To) Other Funds	17,500	-	-
Net Cash (Used) for Non-Capital Financing Activities	<u>(253,960)</u>	<u>(23,000)</u>	<u>(13,930)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of Investment Securities	(1,000,000)	(500,000)	(300,004)
Proceeds from Sale of Investment Securities	-	1,518,545	-
Interest and Dividends on Investments	14,189	1,367	4
Net Cash Provided (Used) by Investing Activities	<u>(985,811)</u>	<u>1,019,912</u>	<u>(300,000)</u>
Net (Decrease) in Cash and Cash Equivalents	(53,095)	(471,906)	(227,306)
Cash and Cash Equivalents at Beginning of Year	<u>1,953,442</u>	<u>1,388,016</u>	<u>674,163</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,900,347</u>	<u>\$ 916,110</u>	<u>\$ 446,857</u>

See Accompanying Notes to Financial Statements

Business Type Activities	
Gas Utility	Total
\$ 2,779,674	\$ 11,737,355
(2,395,980)	(8,015,420)
(190,351)	(1,212,639)
444	977,771
-	(525,249)
<u>193,787</u>	<u>2,961,818</u>
-	(612,766)
(25,509)	(478,248)
-	410,736
-	42,716
(105,000)	(2,255,000)
(14,823)	(216,319)
<u>(145,332)</u>	<u>(3,108,881)</u>
(50,000)	(367,460)
-	9,070
-	17,500
<u>(50,000)</u>	<u>(340,890)</u>
(300,000)	(2,100,004)
-	1,518,545
-	15,560
<u>(300,000)</u>	<u>(565,899)</u>
(301,545)	(1,053,852)
862,431	4,878,052
<u>\$ 560,886</u>	<u>\$ 3,824,200</u>

continued

**CITY OF ORANGE CITY, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$ 1,443,755	\$ 49,921	\$ 64,057
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	519,236	290,361	171,066
Other Non-Operating Income	462,897	364,741	149,689
Other Non-Operating Expenses	(503,249)	(13,000)	(9,000)
(Increase) Decrease in Assets:			
Accounts Receivable	199	(14,793)	(19,599)
Inventories	(152,567)	(14,022)	-
Prepaid Expenses	(1,728)	(3,030)	(1,335)
Increase (Decrease) in Liabilities			
Accounts Payable	21,619	(5,774)	(24,154)
Accrued Wages and Compensated Absences	133	271	(299)
Accrued Expenses	(8,138)	884	435
Customer Deposits	(545)	-	-
Total Adjustments	337,857	605,638	266,803
Net Cash Provided by Operating Activities	1,781,612	655,559	330,860
Cash and Cash Equivalents	1,899,958	916,110	446,857
Revenue Bond Current Debt Service	389	-	-
Total Cash and Cash Equivalents	\$ 1,900,347	\$ 916,110	\$ 446,857
Supplemental Schedule of Noncash Capital and Related Financing Activities:			
Contributed Capital	\$ -	\$ 205,074	\$ 643,071

Business Type Activities	
Gas Utility	Total
\$ 149,161	\$ 1,706,894
80,493	1,061,156
444	977,771
-	(525,249)
(30,108)	(64,301)
4,839	(161,750)
(355)	(6,448)
(9,458)	(17,767)
(1,006)	(901)
(734)	(7,553)
511	(34)
44,626	1,254,924
193,787	2,961,818
560,886	3,823,811
-	389
\$ 560,886	\$ 3,824,200
\$ -	\$ 848,145

**CITY OF ORANGE CITY, IOWA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**Agency Fund**  
**JUNE 30, 2014**

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**ASSETS**

Cash and Cash Equivalents	\$ 36,071
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<b>Total Assets</b>	<u>36,071</u>
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**LIABILITIES**

Accounts Payable	<u>36,071</u>
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<b>Total Liabilities</b>	<u>\$ 36,071</u>
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See Accompanying Notes to Financial Statements

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Orange City, Iowa is a political subdivision of the State of Iowa located in Sioux County, and was incorporated in 1884, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Council-Manager form of government and administers the following programs as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides electric, water, sewer and gas utilities.

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

**A. Reporting Entity**

For financial reporting purposes, the City of Orange City, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

These financial statements present the City of Orange City, Iowa (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Complete financial statements of the individual component units, which issued separate financial statements as noted below, can be obtained from their respective administrative office.

Discretely Presented Component Unit - The Orange City Municipal Hospital's financial data is reported in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City. Orange City Area Health Foundation is a component unit of the Orange City Municipal Hospital, so the Foundation's financial data is combined with the Hospital's financial data. The municipal hospital is financially accountable to the City through budget responsibilities and debt issue restrictions.

Discretely Presented Component Unit – Orange City Municipal Golf Association's financial data is reported in a separate column to emphasize that it is legally separate from the City, but is fiscally dependent and financially accountable to the City. The Municipal Golf Association is fiscally dependent and financially accountable to the City through the City's involvement in providing the Association with financing and subsidizing Association operating losses.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Jointly Governed Organizations - The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards and Commissions: Sioux County Conference Board, Sioux County Emergency Management Commission, and Sioux County Joint E911 Service Board.

**B. Basic Financial Statements-Government-Wide Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general, special revenue, debt service, capital project and permanent funds are classified as governmental activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The City first uses restricted resources to finance qualifying activities.

The Government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (public safety, public works, culture and recreation, community and economic development, general government, etc.) and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenue, operating grants, and capital grants. Program revenue must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The City does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year activities.

**C. Fund Accounting**

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.



**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City electively added funds, as major funds, which had a specific community focus. The non-major funds are combined into a single column in the fund financial statements.

**Governmental Fund Types** – The governmental fund financial statements are reported using the current financial resources measurement focus. This means that the focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.
- 2) Special Revenue Fund - The Road Use Tax Fund is used to account for the operation of street maintenance and construction financed by allocations of state fuel taxes.
- 3) Special Revenue Fund – The TIF Fund (Tax Incremental Financing) is used to account for property taxes received to be expended for public improvements, construction of public infrastructure as well as economic development opportunities, incentives, sites, land, rebates, and grant agreements.
- 4) Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.
- 5) Capital Project Funds – The Puddle Jumper 5<sup>th</sup> Addition Fund is used to account for construction and financing of the Puddle Jumper 5<sup>th</sup> Development Addition.

**Proprietary Fund Types** – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

- 1) **Enterprise Funds** – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains several business-type activities. The major enterprise funds are listed as follows:

The Electric Fund is used to account for the operation and maintenance of the City's electric systems.

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

The Gas Fund is used to account for the operation and maintenance of the City's gas system.

**Fiduciary Fund Types** – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements. The City's agency fund includes the payroll clearing fund.

**D. Basis of Accounting**

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual basis of accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual basis of accounting is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes, assessments, and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

**E. Budgets**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, disbursements exceeded the amount budgeted in the Community and Economic Development, Capital Projects, Public Works, and General Government functions.

**F. Cash And Cash Equivalents And Investments**

The City is authorized by statute to invest public funds not currently needed for operating expenses in notes, certificates, bonds, prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, or other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, or in time deposits or savings accounts in depositories approved by the City Council.

**1) Cash and Cash Equivalents**

Includes demand deposits, cash on hand and cash investments with original maturities of three months or less.

**2) Investments**

The City and its component unit use the following methods in determining the reported amounts.

<u>City</u>	<u>Type</u>	<u>Method</u>
Nonnegotiable Certificates of Deposit		Cost
Iowa Public Agency Investment Trust		Fair Value determined by current share price
<u>Component Unit</u>		
Interest-earning investment contracts		
Nonnegotiable certificates of deposit		Cost
<u>Open-end mutual funds</u>		
(governmental external investment pool registered As an investment company)		Fair Value determined by current share price
<u>Publicly traded mutual funds</u>		Fair Value based on quoted market prices
<u>Debt Securities</u>		
Negotiable certificates of deposit and U.S. Government Agency Securities		
Maturity of one year or less when purchased		Amortized cost
Maturity to more than one year when purchased		Fair Value based on quoted Market prices

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**G. Property Tax Receivable**

Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013. Any county collections on the 2013-2014 tax levy remitted to the City within 60 days subsequent to June 30, 2014, are recorded as property tax revenue.

**H. Short-Term Interfund Receivables/Payables**

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2014, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

**I. Inventories**

Inventories of governmental funds are valued at cost using FIFO while those of enterprise funds are valued using the average cost method. For fund level reporting, the cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the governmental funds are equally offset by a fund balance reserve which indicates they do not constitute available spendable resources even though they are a component of net current assets. Inventory of the discretely presented component units is valued at cost using FIFO.

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2014 are recorded as prepaid items.

CITY OF ORANGE CITY, IOWA  
Notes to Financial Statements  
June 30, 2014

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**K. Restricted Assets**

Revenue bond ordinances require the City to reserve certain cash and investments to provide for payment of bonds and interest, for protection of bondholders, and for extension and improvement of facilities. These balances are separately disclosed in the Enterprise Funds. Other restricted assets include temporary cash investments for the perpetual care fund.

**L. Property and Equipment**

Assets with an initial individual cost of \$5,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost of \$25,000 or more beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

Buildings & Improvements	25 – 50 Years
Land Improvements	20 – 50 Years
Utility Plant	20 – 33 Years
Machinery & Equipment	3 – 20 Years
Vehicles	5 – 20 Years
Infrastructure	10 – 65 Years

**M. Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability for this and any related benefits is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts and related benefits is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

**N. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

CITY OF ORANGE CITY, IOWA  
Notes to Financial Statements  
June 30, 2014

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**O. Interfund Transactions**

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

**P. Landfill Closure Costs**

The City does not operate a sanitary landfill; therefore, no closure/post closure costs are included in these statements.

**Q. Classifying Fund Balance Amounts**

Fund balance amounts represent the nature of the net resources that are reported in a governmental fund. The City fund balance classifications include non-spendable resources, restricted, and non-restricted (committed, assigned and unassigned) amounts. When the City incurs an expenditure and both restricted and unrestricted amounts are available, the City considers restricted amounts to have been spent. When the City incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classifications could be used.

**R. Deferred Outflow/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, special assessments, other taxes and other income. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The City's deposits at June 30, 2014, were entirely covered by Federal Depository Insurance collateralized or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligation of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30 the primary governments investments were reported at fair value as follows:

	<b>Credit Risk</b>	<b>Maturities</b>	<b>Fair Value</b>	<b>Interest Rates</b>
Certificates of Deposit	N/A	8/29/14-5/28/15	\$ 2,700,000	.35%-.75%
Iowa Public Agency Investment Trust	Not Rated	Daily	60,012	.01%
Totals			<u>\$ 2,760,012</u>	

As of June 30, 2014, the City's investments are reported at a fair value based upon quoted market prices except for the Iowa Public Agency Investment Trust which is valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940 as follows:

**Interest Rate Risk:** The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the City.

**Credit Risk:** The City's investment policy addresses the issue of credit risk. Investments are limited to certain types of investments and by diversifying the investment portfolio.

**Component Unit:** The Hospital's investments, except the mutual funds, are insured or registered or for which the securities are held by the Hospital or its agent in the Hospital's name. The mutual fund investments are uninsured and unregistered, with securities held by the counter party or by its trust department or agent, but not in the Hospital's name. All investments listed below, except the U.S. Government agency securities, are subject to custodial credit risk. The Hospital does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates (interest rate risk).

As of June 30, 2014, the Hospital's investments are reported at a fair value based upon quoted market prices except for the Iowa Public Agency Investment Trust which is valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940 as follows:

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS – (Continued)**

	<u><b>Maturities</b></u>	
Edward D. Jones & Co., money market funds	Daily	\$ 4,308
Negotiable certificates of deposit	09/16/14-09/08/15	5,188,204
U.S. Government agency securities	11/15/28-11/01/31	6,943
Mutual Funds	Daily	942,322
Iowa Public Agency Investment Trust	Daily	1,197,352
Totals		<u>\$ 7,339,129</u>

The primary objectives of the Hospital's investment policy include the safety and preservation of principal in the overall investment portfolio, the maintenance of necessary liquidity to match expected liabilities, and obtaining a reasonable return. The investment policy limits the investing of operating funds to instruments that mature within three hundred ninety-seven days. Funds not identified as operating funds may be invested in investments with maturities longer than three hundred ninety-seven days, provided that the maturities shall be consistent with the needs and use of the Hospital.

There were no significant changes in investments held during the fiscal year ended June 30, 2014.

**Note 3 - PLEDGES RECEIVABLE**

At June 30, 2014, the component unit's Foundation pledges receivable consisted of pledges restricted for the building of a new health campus.

A summary of the activity in pledges receivable for the year ended June 30, 2014 is as follows:

Beginning pledges receivable	\$634,027
Pledges made during the year	12,941
Pledge payments received	(389,948)
Decrease in discount of future payments receivable	36,300
Total	<u>\$ 293,320</u>

Pledges receivable are expected to be received during the fiscal years ending June 30, as follows:

2015	\$ 220,000
2016	\$ 73,320

**Note 4 - DUE FROM OTHER GOVERNMENTS**

At June 30, 2014, amounts due from other governments were as follows:

Due from Orange City Municipal Golf Association	\$ 358,147
Due from the Iowa Department of Transportation for road use tax allocations	46,323
Due from Sioux County for court fees and fines	1,291
Due from the State of Iowa for local option sales taxes	105,924
Total Due from Other Governments	<u>\$ 511,685</u>



**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 5 - INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2014, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
TIF Fund	Nonmajor Governmental Fund	\$ 116,631
Electric Fund	General Fund	58,000
		<u>\$ 174,631</u>

Interfund receivables and payables are used to record negative pooled cash and to record money advanced to internally finance various projects.

**Note 6 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

**Primary Government**

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,063,946	\$ -	\$ -	\$ 1,063,946
Construction in Progress	682,862	771,470	1,259,585	194,747
Total capital assets not being depreciated	<u>1,746,808</u>	<u>771,470</u>	<u>1,259,585</u>	<u>1,258,693</u>
Capital assets being depreciated:				
Buildings	9,633,041	-	-	9,633,041
Improvements	4,565,475	1,205,550	-	5,771,025
Equipment	3,258,787	182,223	64,720	3,376,290
Infrastructure	33,440,380	64,308	-	33,504,688
Total capital assets being depreciated	<u>50,897,683</u>	<u>1,452,081</u>	<u>64,720</u>	<u>52,285,044</u>
Less: Accumulated Depreciation for:				
Buildings	3,403,716	178,775	-	3,582,491
Improvements	1,967,597	305,418	-	2,273,015
Equipment	1,935,957	235,453	60,152	2,111,258
Infrastructure	25,062,129	315,887	-	25,378,016
Total Accumulated Depreciation	<u>32,369,399</u>	<u>1,035,533</u>	<u>60,152</u>	<u>33,344,780</u>
Total capital assets being depreciated, net	<u>18,528,284</u>	<u>416,548</u>	<u>4,568</u>	<u>18,940,264</u>
Governmental activities capital assets, net	<u>\$ 20,275,092</u>	<u>\$ 1,188,018</u>	<u>\$ 1,264,153</u>	<u>\$ 20,198,957</u>

Construction in progress at June 30, 2014, for the governmental activities consisted of the Daycare Expansion project, the Dunlop Park improvements, the Frankfort Place extension and the Downtown Street project.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 6 - CAPITAL ASSETS – (Continued)**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 506,491	\$ -	\$ -	\$ 506,491
Construction in Progress	3,644,006	853,404	4,497,410	-
Total capital assets not being depreciated	4,150,497	853,404	4,497,410	506,491
Capital assets being depreciated:				
Buildings	3,395,447	-	-	3,395,447
Improvements	30,243	-	-	30,243
Equipment	3,694,576	85,976	5,598	3,774,954
Utility Plant	24,954,960	4,495,069	-	29,450,029
Total capital assets being depreciated	32,075,226	4,581,045	5,598	36,650,673
Less: Accumulated Depreciation for:				
Buildings	1,446,721	79,561	467	1,525,815
Improvements	13,841	3,024	-	16,865
Equipment	2,434,432	131,744	-	2,566,176
Utility Plant	10,418,241	846,827	-	11,265,068
Total Accumulated Depreciation	14,313,235	1,061,156	467	15,373,924
Total capital assets being depreciated, net	17,761,991	3,519,889	5,131	21,276,749
Business-type activities capital assets, net	\$21,912,488	\$4,373,293	\$4,502,541	\$ 21,783,240

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
Public Safety	\$ 105,508
Public Works	646,444
Culture and Recreation	149,436
General Government	134,145
Total depreciation expense – governmental activities	<u>\$ 1,035,533</u>
<b>Business-Type Activities:</b>	
Electric	\$ 519,236
Water	290,361
Sewer	171,066
Gas	80,493
Total depreciation expense – business-type activities	<u>\$ 1,061,156</u>

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 6 - CAPITAL ASSETS – (Continued)**

A summary of changes in capital assets for the discretely presented component units are as follows:

**Orange City Municipal Hospital**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets not being depreciated:				
Land	\$ 1,144,427	\$ -	\$ 50,000	\$ 1,094,427
Construction in progress	15,475,992	2,533,772	17,959,538	50,226
Total capital assets not being depreciated	16,620,419	2,533,772	18,009,538	1,144,653
Capital assets being depreciated:				
Land Improvements	2,297,809	1,156,791	-	3,454,600
Buildings	17,296,892	2,236,119	380,969	19,152,042
Fixed Equipment	23,182,897	13,410,412	-	36,593,309
Major Movable Equipment	8,288,424	1,805,173	-	10,093,597
Total capital assets being depreciated	51,066,022	18,608,495	380,969	69,293,548
Less: Accumulated Depreciation	26,158,098	3,184,800	128,879	29,214,019
Total capital assets being depreciated, net	24,907,924	15,423,695	252,090	40,079,529
Governmental Activities Capital Assets-net	\$ 41,528,343	\$ 17,957,467	\$ 18,261,628	\$ 41,224,182

**Orange City Municipal Golf Association**

	Balance January 1, 2013	Additions	Disposals	Balance December 31, 2013
Golf Course and Trail	\$ 1,480,714	\$ -	\$ -	\$ 1,480,714
Buildings	568,574	3,674	-	572,248
Equipment	513,168	24,410	3,232	534,346
Total	2,562,456	28,084	3,232	2,587,308
Less Accumulated Depreciation	938,216	79,042	3,232	1,014,026
Property and Equipment - Net	\$ 1,624,240	\$ (50,958)	\$ -	\$ 1,573,282

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 6 - CAPITAL ASSETS – (Continued)**

**Reconciliation of Net Investment in Capital Assets:**

	Governmental Activities	Business-Type Activities	Component Unit	
			Hospital	Golf Course
Land	\$ 1,063,946	\$ 506,491	\$ 1,094,427	\$ -
Construction in Progress	194,747	-	50,226	-
Capital Assets (net of accumulated depreciation)	18,940,264	21,276,749	40,079,529	1,573,282
Less: General Obligation Bonds Payable	9,200,000	-	-	-
Revenue Bonds	-	7,715,000	28,249,382	-
Note Payable	-	-	-	365,074
Net Investment in Capital Assets	\$ 10,998,957	\$ 14,068,240	\$ 12,974,800	\$ 1,208,208

**Note 7 - LONG-TERM DEBT**

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for governmental activities. These bonds are direct obligations and pledge the full faith and credit of the City.

General obligation bonds outstanding as of June 30, 2014 are as follows:

<b><u>Purpose</u></b>	<b><u>Interest Rates</u></b>	<b><u>Amounts</u></b>
Governmental Activities	.40 – 4.95%	\$ 12,875,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

<b><u>Year Ending June 30,</u></b>	<b><u>Governmental Activities</u></b>		<b><u>Total</u></b>
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	
2015	\$ 1,490,000	\$ 318,580	\$ 1,808,580
2016	1,530,000	298,323	1,828,323
2017	1,535,000	273,881	1,808,881
2018	1,285,000	245,494	1,530,494
2019	930,000	215,561	1,145,561
2020-2024	3,690,000	741,165	4,431,165
2025-2029	1,810,000	301,985	2,111,985
2030-2032	605,000	32,649	637,649
Total	\$ 12,875,000	\$ 2,427,638	\$ 15,302,638

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 7 - LONG-TERM DEBT – (Continued)**

**New Debt Issues:**

On December 31, 2013 the City issued \$905,000 of General Obligation Capital Loan Notes, Series 2013C with an average interest rate of 1.35%, with annual maturities from June 2014 through 2018. The net proceeds were used to fund the Puddle Jumper 5<sup>th</sup> Development Addition.

**Revenue Bonds**

The City also has issued revenue bonds where the City pledges income derived from the acquired or constructed asset to pay debt service.

Revenue bonds outstanding at June 30, 2014 are as follows:

**Primary Government**

<b>Purpose</b>	<b>Interest Rates</b>	<b>Amounts</b>
Electric Revenue Bonds	.35 – 4.78%	\$ 4,180,000
Water Revenue Bonds	.90 – 5.10%	2,745,000
Sewer Revenue Bonds	.55 – 1.25%	130,000
Gas Revenue Bonds	3.8 – 4.80%	660,000
		<u>\$ 7,715,000</u>

Revenue bond debt service requirements to maturity are as follows:

**Primary Government**

<b>Year Ending June 30,</b>	<b>Business-Type Activities</b>					
	<b>Electric Principal</b>	<b>Sewer Principal</b>	<b>Water Principal</b>	<b>Gas Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 350,000	\$ 130,000	\$ 205,000	\$ 105,000	\$ 170,445	\$ 960,445
2016	360,000	-	210,000	105,000	159,948	834,948
2017	365,000	-	210,000	110,000	149,660	834,660
2018	375,000	-	210,000	110,000	137,759	832,759
2019	385,000	-	220,000	115,000	123,960	843,960
2020-2024	1,005,000	-	1,090,000	115,000	421,081	2,631,081
2025-2029	800,000	-	370,000	-	213,165	1,383,165
2030-2034	540,000	-	230,000	-	38,510	808,510
Total	<u>\$ 4,180,000</u>	<u>\$ 130,000</u>	<u>\$ 2,745,000</u>	<u>\$ 660,000</u>	<u>\$ 1,414,528</u>	<u>\$ 9,129,528</u>

**Component Unit**

<b>Purpose</b>	<b>Interest Rates</b>	<b>Amounts</b>
Hospital/Component Unit	3.50 – 5.60%	<u>\$ 28,442,188</u>

The amount presented on the Statement of Net Position is shown net of Bond discounts of \$192,807.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 7 - LONG-TERM DEBT – (Continued)**

**Component Unit**

Year Ending <u>June 30,</u>	Revenue Notes Payable		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 881,842	\$ 1,389,083	\$ 2,270,925
2016	923,698	1,348,972	2,272,670
2017	964,125	1,308,165	2,272,290
2018	1,009,743	1,264,862	2,274,605
2019	1,055,559	1,218,748	2,274,307
2020-2024	6,077,490	5,280,199	11,357,689
2025-2029	7,851,987	3,503,388	11,355,375
2030-2034	8,255,487	1,182,773	9,438,260
2035-2039	1,422,257	127,323	1,549,580
Total	28,442,188	16,623,513	45,065,701
Less unamortized discount	(192,807)	-	(192,807)
Total	\$ 28,249,381	\$ 16,623,513	\$ 44,872,894

**Changes in Long-Term Liabilities**

Long-Term liability activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$13,300,000	\$ 905,000	\$ 1,330,000	\$ 12,875,000	\$ 1,490,000
Compensated Absences	69,867	76,813	69,867	76,813	76,813
Other Post Employment Benefits	22,808	-	-	22,808	-
Governmental Activity Long-Term Liabilities	13,392,675	981,813	1,399,867	12,974,621	1,566,813
<b>Business-Type Activities:</b>					
Bonds Payable:					
Revenue Bonds	9,970,000	-	2,255,000	7,715,000	790,000
Compensated Absences	70,989	67,065	70,989	67,065	16,766
Other Post Employment Benefits	10,529	-	-	10,529	-
Business-Type Activity Long-Term Liabilities	10,051,518	67,065	2,325,989	7,792,594	806,766
<b>Component Unit:</b>					
Hospital					
Bonds Payable:					
Revenue Bonds	23,361,772	5,700,000	812,391	28,249,381	881,842
Other Post Employment Benefits	50,000	500	-	50,500	-
	23,411,772	5,700,500	812,391	28,299,881	881,842
Golf Course					
Notes Payable	422,021	7,740	64,687	365,074	66,657
	\$ 422,021	\$ 7,740	\$ 64,687	\$ 365,074	\$ 66,657

The City maintains a policy prohibiting the accumulation of compensated absences thus the total ending balance represents the amount expected to be paid within one year. The General Fund has been used to liquidate the governmental other postemployment benefit obligation.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 8 - TRANSFERS**

The following is a summary of transfers between funds:

	General	Puddle Jumper 5 <sup>th</sup> Addition	Total Transfers Out
Road Use Tax	\$ 505,075	\$ -	\$ 505,075
TIF	-	1,056,422	1,056,422
Non Major Governmental	4,543	-	4,543
Water	23,000	-	23,000
Sewer	23,000	-	23,000
Electric	271,460	-	271,460
Gas	50,000	-	50,000
Total Transfers In	\$ 877,078	\$ 1,056,422	\$ 1,933,500

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. Use unrestricted revenues collected in proprietary funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 9 - PENSION AND RETIREMENT**

**Iowa Public Employees Retirement System** - The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.95 percent of their annual covered salary and the City is required to contribute 8.93 percent of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$192,565, \$168,731, and \$150,051, respectively, equal to the required contributions for each year.

In addition, the hospital component unit contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$1,504,838, \$1,416,281, and \$1,262,932, respectively, equal to the required contributions for each year.

**Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description** - The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees. There are active and retired members in the plan. Participants must be age 55 or older at retirement.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

The medical/prescription drug coverage is provided through a premium only plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 10,243
Interest on net OPEB obligation	1,599
Adjustment to annual required contribution	<u>(2,182)</u>
Annual OPEB cost	9,660
Contributions made	<u>(9,660)</u>
Change in net OPEB obligation	-
Net OPEB obligation beginning of year	<u>33,337</u>
Net OPEB obligation end of year	<u>\$ 33,337</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011, which was used for June 30, 2014 financials as well.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012, 2013 and 2014 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost	
		Contributed	Net OPEB Obligation
June 30 2014	\$ 9,660	100%	\$ 33,337
June 30, 2013	\$ 9,660	100%	\$ 33,337
June 30, 2012	\$ 9,660	100%	\$ 33,337

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$106,540, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$106,540. The covered payroll (annual payroll of active employees covered by the plan) was \$1,661,158 and the ratio of the UAAL to covered payroll was 6.4%. As of June 30, 2014, there were no trust fund assets.



CITY OF ORANGE CITY, IOWA  
Notes to Financial Statements  
June 30, 2014

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**Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2011 actuarial valuation date using the Alternative Measurement Method (AMM) permitted under GASB Statement, a simplified version of the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions includes a 4.5% discount rate based on the City's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5.0%. The medical trend rate is reduced 1.0% each year until reaching the 5% ultimate rate. An inflation rate of 3% is assumed for purpose of this computation.

Mortality rates are from the RP 2000 Mortality Table. Non-group specific age-based turnover data from Scale T-2 of the Actuary's Pension Handbook were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Projected claim costs of the medical plan are \$10,999 per year for retirees less than age 65. The salary increase rate was assumed to be 3.0% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

In addition the Orange City Municipal Hospital maintains a similar plan with a net OPEB obligation at June 30, 2014 of \$50,500.

**Note 11 - FUND BALANCE**

The details of the fund balances are included in the Governmental Funds Balance Sheet (pages 28-29). As discussed in Note 1, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by Council or the Assignment has been changed by the City Administrator. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 11 - FUND BALANCE (Continued)**

**General Fund**

The General Fund has Unassigned Fund Balance of \$1,485,642 at June 30, 2014.

**Other Major Funds**

The Road Use Tax Fund has a Restricted Fund Balance of \$441,236 consisting of primarily unspent funds used for street construction and maintenance. Inventory balances at June 30, 2014 of \$9,400 are considered Nonspendable Fund Balance.

Puddle Jumper 5<sup>th</sup> Addition has a zero fund balance, as this project was completed and capitalized in the current year.

The Debt Service Fund has a Restricted Fund Balance of \$66,652 consisting of primarily unspent funds used to pay general obligation bond principal and interest.

The TIF Fund has a Restricted Fund balance of \$492,877, consisting of primarily unspent funds used for housing projects and economic development.

**Other Funds**

The following non-major fund has Restricted Fund Balances for specific purposes:

USDA IRP-Loan –		
Special Revenue Fund:	For economic development	\$ 117,908

The following non-major fund has a Nonspendable Fund Balance:

Cemetery Perpetual Care:	For cemetery maintenance	\$ 93,075
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**Note 12 - DEFICIT FUND EQUITY**

The City has four funds with a deficit equity balance at June 30, 2014. The City intends to finance these deficits from various resources including; road use tax funds, general funds, and capital project debt financing.

The individual fund deficits were as follows:

Capital Project – Frankfort Place Extension .....	\$ 2,641
Capital Project – Dunlop Park Improvements .....	25,562
Capital Project – Downtown Street Scape Project .....	139,945
Capital Project – Daycare Expansion Project .....	25,599

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 13 - RISK FINANCING**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the 2013-2014 fiscal year the City has elected to purchase commercial insurance to cover against the risk of loss. There have been no reductions in insurance coverage from prior years, nor were there settlements in excess of insurance coverage the last three years.

**Note 14 - COMMITMENTS**

At June 30, 2014 the City had two construction contracts in process with the following approximate contracts remaining:

Downtown Street Scape Project	\$ 899,892
Frankfort Place Extension	196,223

**Note 15 - INVESTMENT IN JOINT VENTURE**

The City is a participant in the Missouri Basin Municipal Electric Cooperative Association, a joint venture for the construction and maintenance of power lines from the Northwest Iowa Power Cooperative to the City Limits. The construction of the lines is accomplished by NIPCO and there are no actual dedicated lines, but rather an agreement which guarantees the municipalities the right to draw power over the lines at a raw power cost without transmission charges. The City owns a 26.81 percent share of the venture with twelve other cities sharing in the ownership at varying percentages. The City's investment in the joint venture is accounted for by the equity method in the Electric Fund.

Summary financial information of the joint venture for the year ended December 31, 2013 follows:

	<b>Total</b>
Assets .....	<u>\$ 9,426,218</u>
Liabilities .....	650,750
Equity .....	<u>8,775,470</u>
	<u>9,426,218</u>
Revenues.....	1,747,850
Expenses .....	<u>1,357,811</u>
Net (Increase) in Equity .....	<u>\$ 390,039</u>

The joint venture has no outstanding debt. Separately issued financial statements for the joint venture can be obtained directly from the MBMECA administrative offices.

**CITY OF ORANGE CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 15 - INVESTMENT IN JOINT VENTURE -- (Continued)**

The City is a participant in the Orange City Communications, a joint venture for the construction and maintenance of a high-speed data internet and telecommunications system. The City owns 50 percent share of the venture with Long Lines Limited, Inc. sharing equally in the ownership. Summary financial information of the joint venture for the year ended June 30, 2014 is as follows:

	<b>Total</b>
Assets .....	<u>\$ 3,133,388</u>
Liabilities .....	<u>1,149,624</u>
Equity .....	<u>1,983,764</u>
	<u>3,133,388</u>
Revenues .....	<u>2,665,035</u>
Expenses .....	<u>2,131,440</u>
Net Increase in Equity .....	<u>\$ 533,595</u>

**Note 16 - SUBSEQUENT EVENT**

On August 5, 2014, the citizens of Orange City voted to approve the sale of Orange City Communications to its partners, Long Lines Limited, Inc. for \$1,900,000.

In August 2014, the City received a USDA economic development grant that was passed through to the Orange City Development Corporation in the amount of \$300,000 along with a local match of \$60,000.

**Note 17 - PRIOR PERIOD ADJUSTMENT -- COMPONENT UNIT**

In previous years bond issuance costs were deferred and amortized over the term of the bonds. During the year ended June 30, 2014, the Orange City Municipal Hospital implemented Governmental Accounting Standards Board Statement No. 65 requiring these costs to be recognized in the period the loan was originated. A prior period adjustment was reported on the financial statements to recognize the effect of the removal of the unamortized bond issuance costs. Prior period adjustment decreased the beginning balance of the net position by \$57,049.

**Note 18 - PROSPECTIVE ACCOUNTING CHANGE**

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions -- an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ORANGE CITY, IOWA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET**  
**AND ACTUAL, ALL GOVERNMENTAL AND PROPRIETARY FUNDS - GAAP BASIS**  
**For the Year Ended June 30, 2014**

	Governmental Fund Type Actual	Proprietary Funds Actual	Orange City Municipal Hospital
<b>Revenue:</b>			
Taxes	\$ 2,663,304	\$ -	\$ -
Special Assessments	611	-	-
Licenses and Permits	6,348	-	-
Intergovernmental	860,790	-	25,665
Charges for Services	710,928	11,810,373	41,985,729
Fines and Forfeits	29,896	-	-
Contributions from Property Owners	53,087	-	-
TIF Revenue	815,553	-	-
Local Option Sales Tax	710,785	-	-
Proceeds from Sale of Real Estate	56,590	-	-
Interest	2,328	16,015	128,178
Miscellaneous	49,745	977,771	403,786
Total Revenue	<u>5,959,965</u>	<u>12,804,159</u>	<u>42,543,358</u>
<b>Expenditures:</b>			
Public Safety	811,614	-	-
Public Works	1,098,769	-	-
Culture and Recreation	1,231,065	-	-
Community and Economic Development	325,398	-	-
General Government	866,915	-	-
Capital Projects	1,541,643	-	-
Debt Service	1,687,768	-	-
Business Type Activities	-	10,817,534	42,470,820
Total Expenditures	<u>7,563,172</u>	<u>10,817,534</u>	<u>42,470,820</u>
Excess (deficiency) of revenues over expenditures	(1,603,207)	1,986,625	72,538
<b>Other financing sources (uses):</b>			
Proceeds from Debt Financing	905,000	-	-
Contributed Capital	-	848,145	-
Interfund Transfers In	1,933,500	-	-
Interfund Transfers Out	(1,566,040)	(367,460)	-
Total other financing sources (uses)	<u>1,272,460</u>	<u>480,685</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(330,747)	2,467,310	72,538
Fund balances-beginning of year	2,843,790	22,935,424	30,996,845
Prior Period Adjustment	-	-	(57,049)
Fund balances- end of year	<u>\$ 2,513,043</u>	<u>\$ 25,402,734</u>	<u>\$ 31,012,334</u>

Total Actual	Budgeted Amounts		Final Budget Favorable (Unfavorable)
	Original	Final	
\$ 2,663,304	\$ 2,641,227	\$ 2,641,227	\$ 22,077
611	-	-	611
6,348	4,575	4,575	1,773
886,455	725,040	752,040	134,415
54,507,030	54,143,500	55,744,000	(1,236,970)
29,896	-	-	29,896
53,087	2,000	2,000	51,087
815,553	305,000	305,000	510,553
710,785	692,343	692,343	18,442
56,590	-	-	56,590
146,521	190,565	190,565	(44,044)
1,431,302	146,500	146,500	1,284,802
<u>61,307,482</u>	<u>58,850,750</u>	<u>60,478,250</u>	<u>829,232</u>
811,614	813,974	839,974	28,360
1,098,769	1,045,838	1,087,838	(10,931)
1,231,065	1,332,601	1,346,601	115,536
325,398	80,861	80,861	(244,537)
866,915	759,018	839,518	(27,397)
1,541,643	500,000	500,000	(1,041,643)
1,687,768	3,871,577	3,871,577	2,183,809
53,288,354	52,722,970	54,222,970	934,616
<u>60,851,526</u>	<u>61,126,839</u>	<u>62,789,339</u>	<u>1,937,813</u>
455,956	(2,276,089)	(2,311,089)	2,767,045
905,000	-	-	905,000
848,145	-	-	848,145
1,933,500	-	2,409,385	(475,885)
(1,933,500)	-	(2,409,385)	475,885
<u>1,753,145</u>	<u>-</u>	<u>-</u>	<u>1,753,145</u>
2,209,101	(2,276,089)	(2,311,089)	4,520,190
56,776,059	56,776,059	56,776,059	-
(57,049)	-	-	(57,049)
<u>\$ 58,928,111</u>	<u>\$ 54,499,970</u>	<u>\$ 54,464,970</u>	<u>\$ 4,463,141</u>

**CITY OF ORANGE CITY, IOWA**  
**Notes to Required Supplementary Information**  
**June 30, 2014**

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The City's legal compliance for budget to actual comparison is specified in Chapter 384.16 of the Code of Iowa and is for expenditures by program/function. The City budgets on a modified accrual basis. The legal level of control is at the aggregated function level, not at the fund or fund type level. Budgets are prepared on a program basis for all funds except the agency funds.

During the fiscal year 2014, the City held public hearings and amended the operating budget once. The amendment is as follows:

<u>Program</u>	<u>Original Budget</u>	<u>5/19/14 Amendment</u>	<u>Amended Budget</u>
Public Safety	\$ 813,974	\$ 26,000	\$ 839,974
Public Works	1,045,838	42,000	1,087,838
Culture & Recreation	1,332,601	14,000	1,346,601
Community and Economic Development	80,861	-	80,861
General Government	759,018	80,500	839,518
Capital Projects	500,000	-	500,000
Debt Service	3,871,577	-	3,871,577
Business Type/Enterprise	52,722,970	1,500,000	54,222,970



**CITY OF ORANGE CITY, IOWA**  
**SCHEDULE OF FUNDING PROGRESS FOR THE**  
**RETIREE HEALTH PLAN**  
**For the Year Ended June 30, 2014**

**REQUIRED SUPPLEMENTARY INFORMATION**

<b>Year Ended June 30</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL)- Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
2009	July 1, 2009	* \$ -	\$ 112,988	\$ 112,988	0.00%	\$ 1,574,483	7.2%
2010	July 1, 2009	\$ -	\$ 112,988	\$ 112,988	0.00%	\$ 1,574,483	7.2%
2011	July 1, 2009	\$ -	\$ 112,988	\$ 112,988	0.00%	\$ 1,574,483	7.2%
2012	July 1, 2011	\$ -	\$ 106,540	\$ 106,540	0.00%	\$ 1,661,158	6.4%
2013	July 1, 2011	\$ -	\$ 106,540	\$ 106,540	0.00%	\$ 1,661,158	6.4%
2014	July 1, 2011	\$ -	\$ 106,540	\$ 106,540	0.00%	\$ 1,661,158	6.4%

\* Fiscal 2009 was the first year for calculating the Post Employment Benefit Obligation so information from previous years is not available.

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and Net OPEB Obligation, funding status and funding progress.

## OTHER SUPPLEMENTARY INFORMATION

**CITY OF ORANGE CITY, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**JUNE 30, 2014**

	Special Revenue	Capital Projects	
	USDA IRP-Loan	Frankfort Place Extension	Dunlop Park Improvements
<b>Assets</b>			
Cash and Pooled Investments	\$ 67,908	\$ -	\$ -
Receivables (Net, where applicable, of allowance for uncollectibles)			
Notes Receivable	50,000	-	-
<b>Total Assets</b>	<u>117,908</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>			
Accounts Payable	-	1,040	-
Due to Other Funds	-	1,601	25,562
<b>Total Liabilities</b>	<u>-</u>	<u>2,641</u>	<u>25,562</u>
<b>Fund Balances</b>			
Nonspendable:			
Permanent Fund Principal	-	-	-
Restricted for:			
Economic Development	117,908	-	-
Unassigned	-	(2,641)	(25,562)
<b>Total Fund Balances (Deficits)</b>	<u>117,908</u>	<u>(2,641)</u>	<u>(25,562)</u>
<b>Total Liabilities, Deferred Inflows of Revenues and Fund Balances</b>	<u>\$ 117,908</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects			Permanent	Total
Park Improvements	Downtown Streetscape Project	Daycare Expansion Project	Cemetery Perpetual Care Fund	Governmental Nonmajor Funds
\$ -	\$ -	\$ -	\$ 93,075	\$ 160,983
-	-	-	-	50,000
-	-	-	93,075	210,983
-	55,013	21,063	-	77,116
-	84,932	4,536	-	116,631
-	139,945	25,599	-	193,747
-	-	-	93,075	93,075
-	-	-	-	117,908
-	(139,945)	(25,599)	-	(193,747)
-	(139,945)	(25,599)	93,075	17,236
\$ -	\$ -	\$ -	\$ 93,075	\$ 210,983

**CITY OF ORANGE CITY, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2014**

	Special Revenue	Capital Projects	
	USDA IRP-Loan	Frankfort Place Extension	Dunlop Park Improvements
Revenue:			
Intergovernmental	\$ 72,050	\$ -	\$ -
Interest on Investments	27	-	-
Miscellaneous	-	-	1,000
Total Revenue	72,077	-	1,000
Expenditures:			
Capital Projects	-	2,641	26,562
Total Expenditures	-	2,641	26,562
Excess (deficiency) of revenues over expenditures	72,077	(2,641)	(25,562)
Other financing sources (uses):			
Transfers Out	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balance	72,077	(2,641)	(25,562)
Fund balances (Deficits)-beginning of year	45,831	-	-
Fund balances (Deficits)- end of year	\$ 117,908	\$ (2,641)	\$ (25,562)

Capital Projects			Permanent	Total
Park Improvements	Downtown Streetscape Project	Daycare Expansion Project	Cemetery Perpetual Care Fund	Governmental Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ 72,050
-	-	-	-	27
5,000	-	-	3,000	9,000
5,000	-	-	3,000	81,077
10,140	139,945	25,599	-	204,887
10,140	139,945	25,599	-	204,887
(5,140)	(139,945)	(25,599)	3,000	(123,810)
(4,543)	-	-	-	(4,543)
(4,543)	-	-	-	(4,543)
(9,683)	(139,945)	(25,599)	3,000	(128,353)
9,683	-	-	90,075	145,589
\$ -	\$ (139,945)	\$ (25,599)	\$ 93,075	\$ 17,236

**CITY OF ORANGE CITY, IOWA**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Year Ended June 30, 2014**

	Balance			Balance
	July 1, 2013	Additions	Deductions	June 30, 2014
<b><u>PAYROLL CLEARING</u></b>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 32,020	\$ 898,071	\$ 894,020	\$ 36,071
Total Assets	32,020	898,071	894,020	36,071
<u>Liabilities</u>				
Accounts Payable	32,020	898,071	894,020	36,071
Total Liabilities	\$ 32,020	\$ 898,071	\$ 894,020	\$ 36,071

## STATISTICAL SECTION

This part of the City of Orange City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	<b>74</b>
These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>77</b>
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	<b>81</b>
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
<b>Operating Information</b>	<b>91</b>
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	
<b>Demographic and Economic Information</b>	<b>95</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



City of Orange City  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities</b>										
Net Investment in Capital Assets										
Restricted	\$ 10,245,341	\$ 10,447,176	\$ 11,505,090	\$ 11,593,418	\$ 10,910,100	\$ 10,393,481	\$ 9,120,514	\$ 10,325,246	\$ 10,930,092	\$ 10,998,957
Unrestricted	104,647	103,957	109,467	96,313	93,701	1,469,772	1,183,616	1,011,688	1,799,523	1,194,599
	(3,044,617)	(2,495,606)	(2,131,149)	(1,054,152)	(1,186,561)	(2,184,050)	(1,755,888)	(1,009,192)	(2,897,122)	(2,337,049)
Total governmental activities net position	\$ 7,305,371	\$ 8,054,527	\$ 9,483,408	\$ 10,605,579	\$ 9,817,240	\$ 9,679,203	\$ 8,548,242	\$ 10,328,742	\$ 9,832,493	\$ 9,856,507
<b>Business-type activities</b>										
Net Investment in Capital Assets										
Restricted	\$ 9,243,826	\$ 9,908,173	\$ 10,124,878	\$ 10,657,299	\$ 10,959,620	\$ 11,196,848	\$ 12,126,884	\$ 12,336,353	\$ 13,537,488	\$ 14,068,240
Unrestricted	2,828,947	1,095,131	1,183,353	1,212,682	1,103,948	1,106,148	990,235	1,234,478	1,183,889	1,285,989
	4,889,654	6,657,609	6,183,553	6,393,401	6,903,632	7,833,765	8,292,614	8,740,929	8,214,047	10,048,505
Total business-type activities net position	\$ 16,962,427	\$ 17,663,913	\$ 17,491,784	\$ 18,263,382	\$ 18,967,200	\$ 20,136,561	\$ 21,409,733	\$ 22,311,760	\$ 22,935,424	\$ 25,402,734
<b>Primary government</b>										
Net Investment in Capital Assets										
Restricted	\$ 19,489,167	\$ 20,355,349	\$ 21,629,968	\$ 22,220,717	\$ 21,869,720	\$ 21,590,129	\$ 21,247,398	\$ 22,662,599	\$ 24,467,580	\$ 25,067,197
Unrestricted	2,933,594	1,202,088	1,292,820	1,308,995	1,197,649	2,575,920	2,173,951	2,246,166	2,983,412	2,480,588
	1,845,037	4,161,003	4,052,404	5,339,249	5,717,071	5,649,715	6,536,726	7,731,737	5,316,925	7,711,456
Total primary government net position	\$ 24,267,798	\$ 25,718,440	\$ 26,975,192	\$ 28,868,961	\$ 28,784,440	\$ 29,815,764	\$ 29,957,975	\$ 32,640,502	\$ 32,767,917	\$ 35,259,241

**City of Orange City  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
Public Safety										
Public Works	\$ 571,640	\$ 615,728	\$ 628,231	\$ 717,219	\$ 767,486	\$ 795,713	\$ 830,457	\$ 828,199	\$ 833,780	\$ 872,249
Culture and Recreation	1,503,075	1,554,367	1,726,845	1,922,753	1,842,509	1,121,275	1,975,401	1,778,275	1,619,083	1,613,585
Community and Economic Development	923,700	934,012	1,008,064	772,638	1,702,991	2,149,142	1,311,021	1,454,835	1,434,484	1,291,006
General Government	3,510,694	66,129	348,231	338,867	418,230	475,593	1,572,043	325,702	325,474	325,474
Capital Projects	442,852	702,510	427,357	469,266	451,379	543,010	714,572	1,144,619	2,345,344	992,494
Debt Service	281,582	325,456	363,550	477,310	404,733	338,853	347,165	542,187	431,845	-
Total governmental activities expenses	7,233,543	4,198,202	4,302,278	5,037,476	5,587,328	5,423,586	6,750,659	6,065,596	6,990,238	5,450,133
Business-Type Activities:										
Electric	4,360,760	4,649,895	5,098,083	5,496,756	6,170,727	6,582,661	6,891,993	6,941,319	6,327,351	6,684,885
Water	673,470	715,885	725,194	754,465	762,179	845,775	873,848	909,721	943,567	917,303
Sewer	478,203	472,866	466,201	490,251	477,046	533,308	601,445	596,619	523,094	540,096
Gas	3,257,135	4,501,118	4,106,127	4,360,806	3,754,752	2,995,251	2,858,896	2,069,753	2,013,797	2,675,250
Total business-type activities expenses	8,769,568	10,339,764	10,395,605	11,102,278	11,164,704	10,936,995	11,226,182	10,517,412	9,807,809	10,817,534
Total primary government expenses	16,003,111	14,537,966	14,897,883	16,139,754	16,752,032	16,380,581	17,976,841	16,583,008	16,798,047	16,267,667
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Public Safety	120,206	117,314	27,321	-	10,934	22,835	18,328	43,050	22,593	19,309
Public Works	321,340	321,340	204,800	203,127	224,791	226,434	246,619	241,952	257,210	312,823
Culture and Recreation	108,247	118,718	204,205	154,678	202,769	198,059	237,037	232,520	275,661	343,273
Community & Economic Development	-	25,635	25,511	17,086	19,751	58,036	22,883	81,442	31,480	32,099
General Government	79,788	17,416	12,002	8,549	30,341	12,809	11,805	46,580	48,534	41,174
Capital Projects	64,195	-	-	-	-	-	-	-	-	-
Operating grants and contributions	136,151	68,957	682,784	619,533	1,129,518	711,108	748,271	893,471	970,358	916,877
Capital grants and contributions	-	353,962	187,158	833,361	361,549	115,830	1,236,083	399,850	399,850	-
Total governmental activities program revenues	710,830	1,023,342	1,343,781	1,836,334	1,979,653	1,345,111	1,284,943	2,775,098	2,603,686	1,665,555
Business-type activities:										
Charges for services:										
Electric	4,635,959	5,151,705	5,459,146	6,010,908	6,642,889	7,076,337	7,427,476	7,640,948	7,011,542	7,522,021
Water	773,316	865,743	841,357	805,151	818,193	785,796	831,730	977,427	882,207	886,144
Sewer	533,921	556,229	544,123	535,191	629,144	546,929	566,441	609,951	606,825	592,445
Gas	3,332,471	4,629,777	4,224,868	4,559,301	3,983,313	3,286,965	3,027,700	2,129,278	2,156,043	2,809,763
Total business-type activities program revenues	9,275,667	11,203,454	11,069,494	11,910,551	12,075,539	11,696,027	11,833,347	11,357,604	10,656,617	11,810,373
Total primary government program revenues	9,986,497	12,226,796	12,413,275	13,766,885	14,055,192	13,041,138	13,138,290	14,132,702	12,662,303	13,475,928
<b>Net (expense)/revenue</b>										
Governmental activities	(6,522,713)	(3,174,860)	(3,158,497)	(3,181,142)	(3,607,675)	(4,078,475)	(5,465,716)	(3,290,498)	(4,984,552)	(3,784,578)
Business-type activities	506,099	863,690	673,889	808,273	910,835	739,032	627,165	840,192	848,808	992,839
Total primary government net expense	\$ (6,016,614)	\$ (2,311,170)	\$ (2,484,608)	\$ (2,372,869)	\$ (2,696,840)	\$ (3,339,443)	\$ (4,838,551)	\$ (2,450,306)	\$ (4,135,744)	\$ (2,791,739)

**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 1,617,548	\$ 2,264,411	\$ 2,460,542	\$ 2,511,016	\$ 2,671,193	\$ 2,715,434	\$ 2,819,037	\$ 3,265,842	\$ 3,298,474	\$ 3,478,291
Local option sales tax	601,573	527,909	558,312	607,761	642,603	596,463	646,042	669,520	736,474	710,785
Investment Earnings	36,154	41,833	102,119	93,735	28,217	7,586	3,963	11,297	9,621	2,328
General Intergovernmental Revenue	467,121	467,540	-	-	-	-	-	-	-	-
Gain on Sale of Assets	-	-	38,640	-	3,000	189,700	100,120	-	-	-
Miscellaneous	46,997	228,319	106,100	926,494	189,587	149,288	196,505	94,548	145,696	52,023
Transfers	220,926	326,004	1,321,665	243,448	319,120	281,967	569,088	912,173	117,465	45,850
Total governmental activities	2,990,319	3,856,016	4,587,378	4,382,454	3,853,720	3,940,438	4,334,755	5,070,998	4,750,072	3,808,592
Business-type activities										
Investment Earnings	82,711	126,627	154,986	172,553	63,023	15,464	18,955	18,772	18,988	16,015
Miscellaneous	81,406	37,173	95,661	34,220	49,080	105,173	313,364	935,236	382,211	977,771
Transfers	(220,926)	(326,004)	(1,321,665)	(243,448)	(319,120)	(281,967)	(569,088)	(912,173)	(442,342)	480,685
Total business-type activities	(56,809)	(182,204)	(1,071,018)	(36,675)	(207,017)	(161,330)	(236,789)	61,835	(41,143)	1,474,471
Total primary government	2,933,510	3,693,812	3,516,360	4,345,779	3,646,703	3,779,108	4,097,966	5,132,833	4,708,929	5,283,063
<b>Change in Net Position</b>										
Governmental activities	(3,532,394)	681,156	1,428,881	1,201,312	246,045	(138,037)	(1,130,961)	1,780,500	(234,480)	24,014
Business-type activities	449,290	701,486	(397,129)	771,598	703,818	577,702	390,376	902,027	807,665	2,467,310
Total primary government	\$ (3,083,104)	\$ 1,382,642	\$ 1,031,752	\$ 1,972,910	\$ 949,863	\$ 439,665	\$ (740,585)	\$ 2,682,527	\$ 573,185	\$ 2,491,324

**City of Orange City**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

<u>Fiscal</u> <u>Year</u>		<u>Property</u> <u>Tax</u>		<u>Sales</u> <u>Tax</u>		<u>Hotel/Motel</u> <u>Tax</u>		<u>Total</u>
2005	\$	1,617,548	\$	601,573		-	\$	2,219,121
2006		2,264,411		490,917	\$	36,992 1		2,792,320
2007		2,460,542		523,641		34,671		3,018,854
2008		2,511,016		574,054		33,707		3,118,777
2009		2,681,252		610,329		32,274		3,323,855
2010		2,714,146		567,477		28,986		3,310,609
2011		2,819,037		612,552		33,490		3,465,079
2012		3,265,842		636,004		33,516		3,935,362
2013		3,298,474		697,311		39,163		4,034,948
2014	\$	3,478,291	\$	665,445	\$	45,340	\$	4,189,076

1 First year of tax

City of Orange City  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Unreserved/ Unassigned	\$ 1,099,175	\$ 1,098,999	\$ 1,308,413	\$ 1,147,069	\$ 1,018,865	\$ 726,767	\$ 1,611,731	\$ 1,685,923	\$ 1,662,462	\$ 1,485,642
Total General Fund	\$ 1,099,175	\$ 1,098,999	\$ 1,308,413	\$ 1,147,069	\$ 1,018,865	\$ 726,767	\$ 1,611,731	\$ 1,685,923	\$ 1,662,462	\$ 1,485,642
All other governmental funds										
Reserved	\$ 119,480	\$ 121,990	\$ 125,079	\$ 140,039	\$ 142,036	\$ 139,667	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	108,324	113,584	99,475	102,475
Spendable - Restricted	-	-	-	-	-	-	1,075,292	3,388,875	1,729,040	1,118,673
Spendable - Assigned	-	-	-	-	-	-	52,504	6,000	9,683	-
Spendable - Unassigned	-	-	-	-	-	-	(852,789)	(240,384)	(656,870)	(193,747)
Unreserved, reported in:										
Special revenue funds	703,759	864,920	1,045,140	1,177,108	993,887	1,355,796	-	-	-	-
Capital project funds	(1,520,611)	(1,252,923)	16,610	(330,111)	(381,481)	(233,248)	-	-	-	-
Total all other governmental funds	\$ (697,372)	\$ (266,013)	\$ 1,186,829	\$ 987,036	\$ 754,442	\$ 1,262,215	\$ 383,331	\$ 3,267,875	\$ 1,181,328	\$ 1,027,401

Note: GASB 54 implemented in 2011 and therefore only 4 years presented.

**City of Orange City**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>				
Taxes	\$ 1,609,486	\$ 1,860,705	\$ 1,970,930	\$ 2,030,435
Special Assessments	64,194	-	-	-
Licenses and permits	4,570	3,834	3,653	5,120
Intergovernmental	696,446	955,020	776,619	1,857,893
Charges for services	322,652	296,673	396,031	381,090
Fines and Forfeits	28,854	25,988	24,537	31,304
Contributions from Property Owners	34,793	21,084	12,965	9,686
TIF Revenue	163,965	437,610	487,942	496,167
Local Options Sales Tax	437,608	527,909	558,312	607,761
Investment Earnings	36,155	41,834	102,119	93,737
Miscellaneous	78,438	416,602	236,076	499,514
Total revenues	<u>3,477,161</u>	<u>4,587,259</u>	<u>4,569,184</u>	<u>6,012,707</u>
<b>Expenditures</b>				
Public safety	536,420	609,050	618,705	896,293
Public works	616,102	777,744	776,065	937,386
Culture and recreation	798,874	819,792	906,654	1,194,084
Community and economic development	57,082	63,075	349,564	337,597
General government	413,772	713,236	428,095	453,942
Capital projects	5,048,122	1,867,298	1,935,310	1,799,431
Debt service				
Principal	780,000	695,000	780,000	870,000
Interest	266,210	393,084	358,240	352,962
Total expenditures	<u>8,516,582</u>	<u>5,938,279</u>	<u>6,152,633</u>	<u>6,841,695</u>
Excess of revenues over (under) expenditures	(5,039,421)	(1,351,020)	(1,583,449)	(828,988)
<b>Other financing sources (uses)</b>				
Issuance of Debt	4,095,000	1,385,000	450,000	1,650,000
Proceeds From Sale of Fixed Assets	-	-	38,640	12,224
Transfers In	1,133,175	1,275,555	2,267,414	1,276,556
Transfers Out	(912,249)	(949,551)	(945,749)	(1,033,108)
Total other financing sources (uses)	<u>4,315,926</u>	<u>1,711,004</u>	<u>1,810,305</u>	<u>1,905,672</u>
Net change in fund balances	<u>\$ (723,495)</u>	<u>\$ 359,984</u>	<u>\$ 226,856</u>	<u>\$ 1,076,684</u>
Debt Service as a percentage of noncapital expenditures	30.2%	26.7%	27.0%	24.3%

**City of Orange City**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 2,114,229	\$ 2,150,832	\$ 2,357,270	\$ 2,579,057	\$ 2,551,158	\$ 2,663,304
-	32,393	-	-	-	611
3,859	3,927	4,541	5,288	5,600	6,348
1,491,067	826,938	748,271	1,969,554	1,242,033	860,790
434,216	432,831	440,500	535,950	588,213	710,928
25,239	28,798	28,640	44,919	40,664	29,896
6,788	5,005	8,109	2,029	1,001	53,087
567,023	563,314	468,922	688,900	748,320	815,553
642,603	596,463	646,042	669,520	736,474	710,785
29,767	7,586	3,963	11,297	9,621	2,328
209,521	326,357	342,347	429,524	391,336	106,335
<u>5,524,312</u>	<u>4,974,444</u>	<u>5,048,605</u>	<u>6,936,038</u>	<u>6,314,420</u>	<u>5,959,965</u>
882,662	1,074,560	757,212	790,598	749,557	811,614
1,055,055	1,128,842	810,124	1,018,539	1,027,380	1,098,769
1,492,116	1,107,667	1,102,791	1,265,084	1,215,909	1,231,065
418,465	345,945	221,428	317,787	325,237	325,398
428,584	601,476	695,362	1,150,288	2,215,628	866,915
718,347	1,414,710	2,336,490	5,601,071	856,115	1,541,643
825,000	1,450,000	850,000	2,770,000	3,475,000	1,330,000
384,001	371,011	347,366	663,442	435,210	357,768
<u>6,204,230</u>	<u>7,494,211</u>	<u>7,120,773</u>	<u>13,576,809</u>	<u>10,300,036</u>	<u>7,563,172</u>
(679,918)	(2,519,767)	(2,072,168)	(6,640,771)	(3,985,616)	(1,603,207)
-	2,425,000	1,500,000	8,685,000	1,450,000	905,000
-	27,850	-	-	-	-
2,085,762	1,273,474	1,135,326	1,718,587	1,227,493	1,933,500
<u>(1,766,642)</u>	<u>(991,507)</u>	<u>(566,238)</u>	<u>(806,414)</u>	<u>(785,151)</u>	<u>(1,566,040)</u>
<u>319,120</u>	<u>2,734,817</u>	<u>2,069,088</u>	<u>9,597,173</u>	<u>1,892,342</u>	<u>1,272,460</u>
\$ <u>(360,798)</u>	\$ <u>215,050</u>	\$ <u>(3,080)</u>	\$ <u>2,956,402</u>	\$ <u>(2,093,274)</u>	\$ <u>(330,747)</u>
22.0%	30.0%	25.0%	43.0%	41.4%	28.0%

**City of Orange City**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Real Property		Utilities		Total		Assessed Value as a Percentage of Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2005	\$ 133,223,718	\$ 213,808,393	\$ 446,521	\$ 446,521	\$ 133,670,239	\$ 214,254,914	62.39%
2006	135,062,294	218,543,204	2,881,675	2,881,675	137,943,969	221,424,879	62.30%
2007	144,958,608	239,180,184	4,698,999	4,698,999	149,657,607	243,879,183	61.37%
2008	150,547,386	253,255,181	1,423,254	1,423,254	151,970,640	254,678,435	59.67%
2009	160,105,919	277,172,987	1,576,622	1,576,622	161,682,541	278,749,609	58.00%
2010	170,291,914	285,044,596	1,622,383	1,622,383	171,914,297	286,666,979	59.97%
2011	179,718,563	298,824,053	1,530,692	1,530,692	181,249,255	300,354,745	60.35%
2012	186,572,943	306,135,707	1,504,207	1,504,207	188,077,150	307,639,914	61.14%
2013	193,695,499	310,862,576	1,439,678	1,439,678	195,135,177	312,302,254	62.48%
2014	203,344,454	317,748,785	1,397,513	1,397,513	204,741,967	319,146,298	64.15%

Source: Assessed Values are obtained from the Sioux County Courthouse - Assessor's Office.



**City of Orange City**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

Fiscal Year	City of Orange City				Overlapping Rates						Total Direct & Overlapping Rates	
	Debt			Total City Millage	Sioux County			MOC-FV School District				
	Operating Millage	Service Millage	Debt		Operating Millage	Service Millage	Debt	Operating Millage	Service Millage	Debt		Total School Millage
2005	8.1585	5.0902	13.2486		5.06682	-		12.40268	1.68975	14.09243	0.58447	32.9924
2006	7.7024	7.0606	14.7630		5.94423	0.20000		12.42950	0.35027	12.77977	0.58365	34.2707
2007	7.6510	6.8721	14.5231		5.89492	0.23671		12.34459	0.36235	12.70694	0.66202	34.0237
2008	7.7150	6.8502	14.5652		5.62931	0.40462		12.71788	-	12.71788	0.67287	33.9899
2009	7.8009	6.5598	14.3607		5.19800	0.40840		11.99370	-	11.99370	0.68751	32.6483
2010	7.8840	5.8294	13.7134		5.07305	0.44328		11.99250	-	11.99250	0.65473	31.8770
2011	7.8530	6.1102	13.9632		4.98456	0.39015		12.77383	-	12.77383	0.67631	32.7881
2012	7.8767	7.2532	15.1299		4.98854	0.37498		11.69433	-	11.69433	0.65058	32.8383
2013	7.8835	6.5769	14.4604		4.99109	0.34907		11.72321		11.72321	0.64379	32.1675
2014	7.9024	6.5389	14.4413		4.96936	0.36585		10.91617		10.91617	0.69069	31.3834

Taxes due July 1

Taxes delinquent first half - October 1; second half - April 1.

Penalties for delinquency: 1.5 percent per month.

Discount allowed: none

Uncollected taxes handled as follows: delinquent real estate tax list published in newspaper prior to May 16.

Taxes collected by Sioux County and distributed to the City of Orange City in proportion of its levy to all levies.

Tax sale date: first Monday in June.

Source: The tax rates are obtained from the Sioux County Courthouse - Auditor's Office.

**City of Orange City**  
**Principal Property Taxpayers**  
**June 30, 2014**

	2014			2005		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>
<u>Taxpayer</u>						
Vogel Enterprises Inc.	\$ 9,664,210	1	5.0%	\$ 8,503,743	1	7.4%
SCC10 Orange City	9,167,090	2	4.7%			
Premium Pet Health LLC	4,917,840	3	2.5%			
Tech Industries LLC	3,705,180	4	1.9%			
OCDC, Inc.	3,021,480	5	1.6%			
Groeneweg, Ardie Rev Trust	2,163,300	6	1.1%			
Orange City Communications	1,806,000	7	0.9%			
Krull Ltd.	1,679,750	8	0.9%	1,363,155	8	1.2%
Iowa State Bank Orange City	1,608,920	9	0.8%	1,441,130	6	1.3%
Northwest Rural Electric Coop	1,422,351	10	0.7%	1,433,464	7	1.3%
Orange City Mun. Hospital				3,990,260	3	3.5%
American Identity, Inc.				7,859,280	2	6.9%
Advanced Brands LLC				3,290,197	4	2.9%
South-Town Real Estate Inc.				1,836,392	5	1.6%
Northwestern Bank Orange City				1,183,816	9	1.0%
Pioneer Memorial Home				1,179,442	10	1.0%
Totals	\$ 39,156,121		20.2%	\$ 32,080,879		28.1%

Source: Assessed Values are obtained from the Sioux County Courthouse - Assessor's Office.

total taxable value 193,695,499

**City of Orange City**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended 6/30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Delinquent Tax Collections</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>% of Levy</b>		<b>Amount</b>	<b>% of Levy</b>
2005	\$ 1,574,394	\$ 1,574,394	100.00%	\$ 35,092	\$ 1,609,486	102.23%
2006	1,858,206	1,858,206	100.00%	2,499	1,860,705	100.13%
2007	1,964,663	1,964,663	100.00%	6,267	1,970,930	100.32%
2008	2,024,653	2,024,653	100.00%	5,782	2,030,435	100.29%
2009	2,099,098	2,099,098	100.00%	15,131	2,114,229	100.72%
2010	2,127,308	2,127,308	100.00%	23,524	2,150,832	101.11%
2011	2,351,672	2,351,672	100.00%	5,598	2,357,270	100.24%
2012	2,526,838	2,526,838	100.00%	52,219	2,579,057	102.07%
2013	2,545,732	2,545,732	100.00%	5,426	2,551,158	100.21%
2014	2,660,808	2,660,808	100.00%	2,496	2,663,304	100.09%

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Orange City**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities	Business-Type Activities					Total Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Electric Bonds	Water Bonds	Sewer Bonds	Gas Bonds				
2005	\$ 7,470,000	\$ 2,005,000	\$ 2,670,000	\$ 1,170,000	\$ 1,580,000	\$ 14,895,000	494.14%	\$ 2,665	
2006	8,160,000	1,885,000	2,525,000	1,000,000	1,500,000	15,070,000	499.95%	2,696	
2007	7,830,000	2,865,000	2,375,000	910,000	1,415,000	15,395,000	510.73%	2,755	
2008	8,610,000	2,745,000	2,220,000	815,000	1,330,000	15,720,000	521.51%	2,677	
2009	7,785,000	2,560,000	2,060,000	715,000	1,240,000	14,360,000	476.40%	2,446	
2010	8,760,000	2,365,000	1,955,000	610,000	1,150,000	14,840,000	492.32%	2,527	
2011	9,410,000	2,165,000	1,850,000	500,000	1,055,000	14,980,000	496.96%	2,495	
2012	15,325,000	4,845,000	4,535,000	390,000	865,000	25,960,000	861.23%	4,324	
2013	13,300,000	4,525,000	4,420,000	260,000	765,000	23,270,000	771.99%	3,876	
2014	12,875,000	4,180,000	2,745,000	130,000	660,000	20,590,000	771.99%	3,876	

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.  
See the Schedule of Demographic and Economic Statistics on page 95 for personal income and population data.

**City of Orange City**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2005	\$ 7,470,000	\$ 34,407	\$ 7,435,593	3.47	\$ 1,330
2006	8,160,000	21,201	8,138,799	3.72	1,456.22
2007	7,830,000	24,606	7,805,394	3.26	1,396.56
2008	8,610,000	47,569	8,562,431	3.31	1,458.18
2009	7,785,000	49,021	7,735,979	2.80	1,384.14
2010	8,760,000	42,202	8,717,798	3.07	1,559.81
2011	9,410,000	64,480	9,345,520	3.11	1,672.13
2012	15,325,000	2,496,771	12,828,229	4.17	2,295.26
2013	13,300,000	76,972	13,223,028	4.24	2,202.37
2014	12,875,000	66,652	12,808,348	4.03	2,133.30

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Population data can be found in the Schedule of Demographic and Economic Statistics.

See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

**City of Orange City**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> <sup>1</sup>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: School District	\$ 689,000	45.89%	\$ 316,182
Debt repaid with property taxes; Sioux County	7,410,000	14.63%	1,084,083
Subtotal, overlapping debt			<u>\$ 1,400,265</u>
City of Orange City direct debt			<u>12,875,000</u>
Total direct and overlapping debt			<u><u>\$ 14,275,265</u></u>

Sources: Debt outstanding data provided by the school and Sioux County Auditor Office.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Orange City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

<sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

**City of Orange City**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 10,712,746	\$ 11,071,244	\$ 12,193,959	\$ 12,662,759	\$ 13,817,547	\$ 14,333,349	\$ 15,017,737	\$ 15,381,996	\$ 15,615,047	\$ 15,957,315
Total net debt applicable to limit	7,435,593	8,128,733	7,805,394	8,562,431	7,735,979	8,717,798	9,410,000	12,828,229	13,226,028	12,808,348
Legal debt margin	\$ 3,277,153	\$ 2,942,511	\$ 4,388,565	\$ 4,100,328	\$ 6,081,568	\$ 5,615,551	\$ 5,607,737	\$ 2,553,767	\$ 2,389,019	\$ 3,148,967
Total net debt applicable to the limit as a percentage of debt limit	69.41%	73.42%	64.01%	67.62%	55.99%	60.82%	62.66%	83.40%	84.70%	80.27%

**Legal Debt Margin Calculation for Fiscal Year 2012**

Assessed value	
Add back: exempt real property	\$ 319,146,298
Total assessed value	319,146,298
Debt limit (5% of total assessed value)	
Debt applicable to limit:	
General obligation bonds	15,957,315
Total net debt applicable to limit	12,808,348
Legal debt margin	3,148,967

Note: Under state finance law, the City of Orange City's outstanding general obligation debt should not exceed 5 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Orange City**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Electric Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2005	\$ 4,664,357	\$ 3,673,367	\$ 990,990	\$ 115,000	\$ 71,539	5.31
2006	5,198,997	4,119,213	1,079,784	120,000	69,598	5.70
2007	5,526,151	4,458,342	1,067,809	120,000	67,228	5.70
2008	6,099,521	4,924,582	1,174,939	120,000	113,070	5.04
2009	6,694,451	5,431,989	1,262,462	185,000	109,828	4.28
2010	7,109,106	5,855,120	1,253,986	195,000	103,259	4.20
2011	7,478,164	6,123,211	1,354,953	200,000	96,163	4.58
2012	8,310,961	6,194,388	2,116,573	1,320,000	95,348	1.50
2013	7,057,722	5,374,681	1,683,041	320,000	102,769	3.98
2014	7,999,338	5,559,030	2,440,308	345,000	99,014	5.50

<u>Fiscal Year</u>	<u>Water Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2005	\$ 791,769	\$ 365,148	\$ 426,621	\$ 140,000	\$ 106,136	1.73
2006	899,840	403,089	496,751	145,000	103,638	2.00
2007	879,053	412,036	467,017	150,000	100,573	1.86
2008	836,792	436,143	400,649	155,000	98,444	1.58
2009	849,428	434,916	414,512	160,000	93,700	1.63
2010	848,050	472,818	375,232	105,000	90,147	1.92
2011	1,103,182	541,275	561,907	105,000	86,531	2.93
2012	1,270,145	539,261	730,884	110,000	117,801	3.21
2013	1,218,594	519,783	698,811	115,000	137,969	2.76
2014	1,252,319	545,862	706,457	1,675,000	99,558	0.40

Note: Operating Expenses do not include depreciation expense

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



**City of Orange City**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Sewer Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2005	\$ 564,290	\$ 247,456	\$ 316,834	\$ 170,000	\$ 60,038	1.38
2006	593,671	253,267	340,404	170,000	54,853	1.51
2007	578,003	268,559	309,444	90,000	49,243	2.22
2008	566,841	272,846	293,995	95,000	46,120	2.08
2009	653,684	272,149	381,535	100,000	41,567	2.70
2010	570,344	307,400	262,944	105,000	36,646	1.86
2011	574,887	385,032	189,855	95,000	31,369	1.50
2012	619,534	396,497	223,037	630,000	10,731	0.35
2013	625,457	364,652	260,805	130,000	3,737	1.95
2014	742,217	357,322	384,895	130,000	2,925	2.90

<u>Fiscal Year</u>	<u>Gas Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2005	\$ 3,337,962	\$ 3,124,186	\$ 213,776	\$ 80,000	\$ 71,455	1.41
2006	4,637,573	4,368,962	268,611	80,000	61,898	1.89
2007	4,241,273	3,974,228	267,045	85,000	60,138	1.84
2008	4,579,950	4,231,917	348,033	85,000	62,632	2.36
2009	3,990,079	3,628,756	361,323	90,000	57,548	2.45
2010	3,289,164	2,869,709	419,455	90,000	54,598	2.90
2011	3,029,413	2,714,939	314,474	95,000	51,344	2.15
2012	2,130,972	1,973,501	157,471	1,125,000	23,494	0.14
2013	2,156,043	1,920,062	235,981	100,000	15,448	2.04
2014	2,810,285	2,580,109	230,176	105,000	14,823	1.92

Note: Operating Expenses do not include depreciation expense

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Orange City  
Principal Employers  
June 30, 2014

	2014			2006		
	<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Population</u>	<u>Employees</u>	<u>Rank</u>
						<u>Percentage of Total City Population</u>
	Staples Inc.	500	1	8.33%	350	4
	Orange City Health System	485	2	8.08%	460	2
	Diamond Vogel Paints	350	3	5.83%	375	3
	Premium Pet Health	200	4	3.33%	600	1
	Northwestern College	180	5	3.00%	187	5
	Tec Industries/Quatro	160	6	2.66%	40	9
	Civco Medical Solutions	70	7	1.17%	100	6
	Revival Animal Health	60	8	1.00%	60	7
	EZ Liner Industrial	50	9	0.83%	50	8
	Silent Drive	40	10	0.67%	30	10
	Total	<u>2,095</u>		34.89%	<u>2,252</u>	
						40.29%

Note: Source for this data was obtained from Iowa Workforce Development

Note: Information not available prior to 2006

**City of Orange City**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
General Government	9	9	9	9	9	9	10	10	10	10
Public Safety										
Police Officers	7	7	7	7	7	7	7	7	7	7
Highways and streets	3	3	3	3	3	3	3	3	3	3
Culture and recreation	2	3	3	3	3	3	3	3	3	3
Library	1	1	1	1	1	1	1	1	1	2
Electric	5	5	5	5	5	5	5	5	5	5
Water	2	2	2	2	2	2	2	2	2	2
Sewer	1	1	1	1	1	1	1	1	1	1
Gas	2	2	2	2	2	2	2	2	2	2
Total	32	33	33	33	33	33	34	34	34	35

**Sources: Various city departments.**

City of Orange City  
Operating Indicators by Function/Program  
Last Nine Fiscal Years

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>General Government</b>									
Zoning Permits Issued	106	66	97	79	86	56	78	62	68
<b>Police</b>									
Physical Arrests	96	102	126	93	102	99	112	83	92
Parking Violations	246	239	310	240	252	231	247	281	274
Traffic Violations	373	355	384	284	291	460	442	430	439
<b>Fire</b>									
Emergency Responses	48	51	56	49	61	61	52	72	98
Fires Extinguished	13	8	7	6	4	5	7	11	13
<b>Refuse Collection</b>									
Refuse collected (tons per day)	8	8	8	9	10	9	9	9	9
Recyclables collected (tons per day)	1	1	1	1	1	1	1	1	1
<b>Parks &amp; Recreation</b>									
Pool Passes Issued ( Budget Pass)	205	130	114	113	122	93	86	79	71
Pool Passes Issued ( Individual Pass)	88	73	75	53	78	60	52	47	42
Pool Passes Issued ( Family Pass)	250	276	302	74	224	229	243	256	237
Pool Passes Issued ( Senior Pass)	11	10	10	4	76	24	18	16	14
<b>Library</b>									
Volumes in collection	63,895	63,905	63,905	63,905	63,905	63,905	63,905	63,905	63,905
Total volumes borrowed	228,650	226,250	226,250	226,250	226,250	226,250	226,250	226,250	226,250
<b>Water</b>									
New connections	28	20	8	5	9	7	3	10	6
Water main breaks	2	3	2	1	3	4	5	10	7
Average daily consumption (thousands of gallons)	1,005	953	916	887	983	821	920	819	821
Peak daily consumption (thousands of gallons)	1,900	2,028	2,028	1,700	1,500	1,900	2,100	2,120	2,115
<b>Wastewater</b>									
Average daily sewage treatment (thousands of	1,000	950	913	884	1,149	1,456	1,473	753	748

Sources: Various city departments.

Note: GASB 44 implemented in 2006 and therefore only 9 years presented.

**City of Orange City  
Capital Asset Statistics by Function/Program  
Last Nine Fiscal Years**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Police</b>									
Stations	1	1	1	1	1	1	1	1	1
Patrol Units	4	4	4	4	4	4	4	4	4
<b>Fire Station</b>	1	1	1	1	1	1	1	1	1
<b>Other Public Works</b>									
Streets (miles)	46	47	47	47	47	47	49	49	50
Streetlights	958	961	985	889	927	927	928	933	938
Traffic Signals	2	2	2	2	2	2	2	2	2
<b>Parks and recreation</b>									
Aceage	223	223	230	230	230	230	230	230	230
Playgrounds	4	4	4	5	5	5	5	5	5
Baseball/softball diamonds	2	2	2	2	2	2	2	2	2
Soccer/football fields	4	4	4	4	4	4	4	4	4
Community Center	1	1	1	1	1	1	1	1	1
<b>Water</b>									
Water Mains (miles)	45	47	47	47	47	47	49	49	49
Fire Hydrants	275	275	282	282	282	282	285	285	285
Storage capacity (thousands of gallons)	950	950	950	950	950	950	950	1,120	1,120
<b>Wastewater</b>									
Sanitary Sewers (miles)	41	41	41	41	41	41	43	43	43
Storm Sewer (miles)	19	19	19	19	19	19	21	21	21
Treatment capacity (thousands of gallons)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000

**Sources: Various city departments**

Note: GASB 44 implemented in 2006 and therefore only 9 years presented.

**City of Orange City  
Demographic and Economic Statistics**

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2005	5,589	\$ 30,143	\$ 17,413	27.9	13	999	2.6%
2006	5,589	30,143	17,413	27.9	13	999	2.6%
2007	5,589	30,143	17,413	27.9	13	999	2.6%
2008	5,872	30,143	17,413	27.9	13	1950	2.3%
2009	5,872	30,143	22,142	28.5	16	1940	3.9%
2010	5,872	30,143	22,142	28.5	16	1940	3.9%
2011	6,004	30,143	22,142	28.5	16	1940	4.1%
2012	6,004	30,143	22,142	28.5	16	1940	4.1%
2013	6,004	30,143	20,768	29.0	16	1940	3.4%
2014	6,004	30,143	20,768	29.0	16	1940	2.9%

Sources: Population, median age, and educational level information provided by the United States Census Bureau. School enrollment data provided by the Orange City school districts.

Note: Personal Income is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

Note: GASB 34 implemented in 2004.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Members of the City Council  
City of Orange City, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, The Orange City Municipal Golf Association discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Orange City, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Orange City, Iowa's basic financial statements and have issued our report thereon dated December 8, 2014. Our report includes a reference to other auditors. Other auditors audited the financial statements of the Orange City Municipal Hospital, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Internal Control Over Financial Reporting:***

In planning and performing our audit of the financial statements, we considered the City of Orange City, Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Orange City, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Orange City, Iowa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detects and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters:***

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

***City of Orange City, Iowa's Response to Findings***

City of Orange City, Iowa's response to the findings identified in our audit is described in the accompanying schedule of findings. The City of Orange City, Iowa's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit.

If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.

  
Certified Public Accountants

Le Mars, Iowa  
December 8, 2014



**CITY OF ORANGE CITY, IOWA**  
**Schedule of Findings**  
**For the Year Ended June 30, 2014**

**Part I: Summary of the Independent Auditors' Results**

- (a) An unmodified opinion was issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

**Part II: Findings Related to the Financial Statements**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.  
There were no prior year audit findings.

**Material Weakness:**

**II-A-14 Financial Reporting**

Observation – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the City's financial statements. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

Recommendation – The City should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the City's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion – Response accepted.

**Part III: Other Findings Related to Required Statutory Reporting**

- III-A-14 - Certified Budget – City expenditures during the year ended June 30, 2014, exceeded amounts budgeted in the Community and Economic Development, Capital Projects, Public Works and General Government functions.

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

- III-B-14 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

**CITY OF ORANGE CITY, IOWA**  
**Schedule of Findings**  
**For the Year Ended June 30, 2014**

**Part III: Other Findings Related to Required Statutory Reporting - (Continued)**

- III-C-14 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.
- III-D-14 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.
- III-E-14 - Questionable Expenditures - We noted no questionable expenditures during our audit.
- III-F-14 - Revenue Bonds - No violations of revenue bond resolutions were noted.
- III-G-14 - Business Transactions - No business transactions between the City and city officials were noted during the course of the audit.
- III-H-14 - Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- III-I-14 - Urban Renewal Annual Report - The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.